

Sulphur Springs Valley Electric
E-01575A-08-0328

2/11/2009
Public Comment



1 BEFORE THE ARIZONA CORPORATION

2 IN THE MATTER OF THE)
3 APPLICATION OF SULPHUR)
4 SPRINGS VALLEY ELECTRIC)
5 COOPERATIVE, INC. FOR A)
6 HEARING TO DETERMINE THE FAIR)
7 VALUE OF ITS PROPERTY FOR)
8 RATEMAKING PURPOSES, TO FIX A)
9 JUST AND REASONABLE RETURN)
10 THEREON, TO APPROVE RATES)
11 DESIGNED TO DEVELOP SUCH)
12 RETURN AND FOR RELATED)
13 APPROVALS.)
14)
15)

DOCKET NO. E-01575A-08-0328

PUBLIC COMMENT

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1 BE IT REMEMBERED that the above-entitled
2 and numbered matter came on regularly, to be heard before
3 the Arizona Corporation Commission at The Buena High
4 School Performing Arts Center, 5225 Buena School
5 Boulevard, Sierra Vista, Arizona, commencing at 6:00 p.m.,
6 on the 11th day of February, 2009.

7

8 BEFORE:

9 KRISTIN K. MAYES, Chairman
10 GARY PIERCE, Commissioner
11 PAUL NEWMAN, Commissioner
12 SANDRA D. KENNEDY, Commissioner
13 BOB STUMP, Commissioner

14

15 APPEARANCES:

16 For Sulphur Springs Valley Electric Cooperative
17 Mr. Jack Blair
18 Ms. Debra White

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KATHERINE A. McNALLY
Reporter

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1 CHMN. MAYES: If I can have your attention real
2 quickly, if anyone would like to speak tonight and
3 hopefully lots of folks would like to. Please see the
4 gentleman here, in the bright red shirt, Richard. And
5 we've got speaker forms that we'd like for them to fill
6 out for the record and we make that a part of the
7 permanent record in the case, so I just wanted to make
8 sure everybody is doing that, if they haven't already.

9 We're going to get started in just a minute or
10 two, if I can figure out the microphone.

11 Good evening. Good evening. Thank you all for
12 being here.

13 My name is Kris Mayes. I'm the chairman of the
14 Arizona Corporation Commission. With me tonight are
15 Commissioner Sandra Kennedy, Commissioner Gary Pierce,
16 Commissioner Paul Newman, and soon to be with us is
17 Commissioner Stump, so he -- he will -- Bob Stump -- he
18 will be coming in, just a few minutes late.

19 Again, thank you all for being here. We are
20 here, officially, for the public comment sessions on
21 Sulphur Springs Valley Electric Cooperative's Rate Case,
22 Docket Number E-01575A-08-0328; and SSVEC's Quality and
23 Reliability Service and Proposed Distribution Transmission
24 Projects, including the 69 kV lines in Sonoita.

25 And we are -- we are here, largely, because,

1 A) We do have a pending rate case in front of us. And as
2 you know, the Arizona Corporation Commission is the -- is
3 your branch of government designated to hear these rate
4 cases that are proposed by or requested by the state's
5 regulated utilities.

6 But we're also here because we've received
7 numerous letters and e-mails and phone calls from folks
8 who were concerned about that proposed 69 kV power line.

9 And while many -- I know many of you know that
10 the Commission does not technically have jurisdiction over
11 line siting of power lines that are 69 kV -- it's -- it's
12 essentially 115 kV and higher that we have jurisdiction
13 over -- we still have the opportunity to address
14 quality-of-service issues and -- and concerns associated
15 with utilities, in the course of these rate cases that we
16 adjudicate at the Corporation Commission.

17 And so we thought that it was appropriate to
18 come, and -- and necessary to come to -- to Sierra Vista,
19 to Cochise County, and -- and hear your concerns, hear
20 what you've been dealing with, and your ideas, and -- and
21 to make sure that this utility is considering all
22 available options.

23 And many of the e-mails that I've seen and
24 letters that I've seen, have -- have proposed various
25 options and alternatives to -- to this power line.

1 Obviously, the company has its notion of what
2 ought to happen.

3 But we thought it was very important to come
4 here and hear what you have to say, so that we have all of
5 those options in front of us, as we hear that rate case.

6 And I want to now just turn it over to my
7 colleagues, those of my colleagues who would like to -- to
8 say hello and say thank you for welcoming us into your
9 community.

10 Commissioner Pierce?

11 COM. PIERCE: Thank you.

12 It's always good to have a good mic.

13 But it's a -- it is a pleasure to be here. I
14 enjoy being in Sierra Vista. I've been here three times
15 in the last year, last year. It's good to be here this
16 year.

17 It's -- it's interesting that as we drove --
18 drove in -- and taking the old Patagonia Highway, and
19 on -- and on in to take a look at the -- at where these
20 transmission lines are calculated to be.

21 But I think it's important, though, for those
22 that are going to -- that have concerns about the -- the
23 case that we'll see, which is the rate case -- but we want
24 to hear from everyone that has -- has particular concerns
25 about that, too, because those are things that we've got

1 to analyze and eventually make a decision on, and those
2 are the things that will be of major concern for us.

3 So it is good -- it's always good to be able to
4 come to Sierra Vista and see the people that -- have
5 people that show up just because they know I'm going to be
6 here, and -- and to see friends that I knew when I lived
7 here. So it's good to be here.

8 I look forward to hearing your comments.

9 CHMN. MAYES: Commissioner Newman?

10 COM. NEWMAN: Good evening, everyone.

11 I -- it's particularly an honor for me to be
12 here tonight and to hear your testimony.

13 As many of you know, I've lived in Cochise
14 County for the last 20 years, and I am very familiar with
15 the Sonoita area where the kV line is coming through.

16 I was just elected to the Corporation
17 Commission in November and sworn in on January 5th, so
18 this is, literally, my first month and a half of being in
19 office.

20 We've been very busy. And I've been working
21 very closely with my colleagues on a number of big areas
22 and a number of issues. And what's unusual about this
23 hearing tonight, is this is the first hearing that I'm
24 experiencing as a commissioner, in which we're coming in
25 to take the people's opinion where the people live.

1 Many of these hearings, as you know, take place
2 in Phoenix on 1200 West Washington, and it's hard for the
3 people to get there.

4 So that, as the Chairman explained, the initial
5 reason for the hearing was not necessarily to have the
6 rate hearing, per se, and to take up testimony on that,
7 but the initial impetus was the -- the kV line that we
8 don't have jurisdiction over.

9 This was an election issue. I was notified
10 about the issue before -- I knew about it back in
11 September.

12 And Commissioner Mundell, who used to be on the
13 commission, was -- who served for many years, and did a --
14 did a great job, had colloquy some -- with some members of
15 the community, including Gail Getzwiller, who is -- I
16 don't believe is here tonight -- but she wanted to have
17 him carry on this issue, and bring it -- bring it home.

18 And that's what we're doing tonight -- not with
19 the hearing officer, with -- but really at an impetus --
20 in fact, I think it was Mr. Pierce who -- who made the
21 motion that all five commissioners come and hear the
22 testimony about the kV lines, as well as the rates.

23 So again, it's an honor for me to be here
24 tonight. I'm looking forward to what you have to say.

25 You can talk about the rates, you can talk

1 about the line -- whatever you'd like to talk about with
2 us -- because this is a very unique opportunity for you to
3 meet all five of the commissioners.

4 And again, we -- we're looking out for your
5 interests. The Corporation Commission is a totally
6 separate branch of government that not many people know
7 about. It is a consumer protection agency for the
8 consumer. But under the constitution, it also has to take
9 into account the needs of the companies and the rate of
10 return.

11 So we're really -- we really are judges here,
12 and it's a -- it's unique for judges to make an opening
13 statement, if you will. But this is just a hello from me,
14 personally. And it's good to be back home.

15 Thank you.

16 CHMN. MAYES: Thank you, Commissioner Newman.

17 Why don't we go ahead and jump right into the
18 comments.

19 I -- I'm not a big believer in setting time
20 limits on comments, but I -- but I do want to let
21 everybody know that we have about 33 people who want to
22 speak tonight, so if -- if, to the degree you can possibly
23 limit your comments to a reasonable amount of time, and
24 maybe try not to repeat what people who have come before
25 you have said.

1 But again, I'm -- I'm going to be pretty --
2 pretty liberal, in -- in -- in terms of allowing folks to
3 speak.

4 As Commissioner Newman said, we want to hear
5 whatever you have to say.

6 So we'll go ahead and get started with Karen
7 Rosenberg from Sonoita.

8 And Karen, it looks like we've got the
9 microphone set up here. I know it's a little awkward --
10 it looks right here in front of the stage.

11 But -- and maybe there's a way to pull this
12 thing back, so that it's not -- so it's a little less
13 imposing.

14 But -- Richard, I don't know if that's
15 possible.

16 Yeah. We'll call the next person up on deck
17 too.

18 After Karen -- is Karen here?

19 MS. ROSENBERG: Yes.

20 CHMN. MAYES: Yes? Okay. Karen come on up.

21 And -- and then after Karen, we have Jack -- it
22 looks like Caple -- and I apologize if I mispronounce your
23 name. You can correct me when you get up here.

24 MS. ROSENBERG: Hi. Thank you for inviting us
25 to come up to speak. Thank you for inviting us to the

1 meeting and letting us have a chance to speak our comments
2 to the board.

3 MALE SPEAKER: Can't hear.

4 CHMN. MAYES: Karen, can you really speak into
5 that thing. It looks like people are having trouble
6 hearing you. Sorry.

7 MS. ROSENBERG: I guess the comment I want to
8 make is on the 69 kV electric line that it wants to run
9 into the city of Sonoita.

10 I'm a fairly new resident there. And I don't
11 have a lot of background knowledge as to why they need
12 this tower-of-power lines in our Sonoita area. But I have
13 a few concerns that this will diminish the respect of the
14 community in which I moved into it, and causing it to look
15 like a high-powered city moving in.

16 And I'd like to say that if there are any other
17 opportunities to find other solutions to the problem, I'd
18 like to go through some of those in trying to avoid having
19 these 69 kV power lines.

20 One of the things I would hope to see is
21 probably burying the lines, if we can't avoid having them
22 at all.

23 I see other impacts possibly causing the
24 community to be diminished by having these lines put in --
25 environmentally and publicly. I know a lot of the

1 community members are divided in this, as to where it
2 might lie on the grounds.

3 And I'd like to see opportunities to have other
4 options for this line of power to come through.

5 Thank you, very much.

6 CHMN. MAYES: Thank you, Karen.

7 Jack Caple. And then after Jack, we've got
8 Steve Getzwiller.

9 MR. CAPLE: Good evening. Thank you for
10 listening to me.

11 My name is Jack Caple. I live in Sonoita
12 Hills. And the power line will obviously affect where I
13 live, but that's not the issue for me.

14 The issue is that I think there's a lot of
15 arrogance here on the side of the utility. They've tried
16 to divide and conquer, and to only invite people that --
17 that were directly affected -- wouldn't listen to the
18 group that was put together, wouldn't pay any attention to
19 us, wouldn't look at any other options.

20 For 15 years, the committee that I'm speaking
21 about has been told a lot of things, but the big one
22 always was we need a "loop." We need a way to have -- to
23 control the power, so if one site goes down, the other
24 site can take care of it.

25 Starting up to about three years ago, at which

1 time they had a public -- a publication guy came by and
2 tell us the same thing.

3 Then, all of a sudden, they were going to run a
4 69 kV line. And when they were questioned about the loop,
5 they looked at us like we were stupid. What do you mean?
6 We don't need a loop.

7 So we're getting something that, in my mind, is
8 for some other reason -- because we're not going to get
9 the loop, we're not going to get the reliability.

10 So I think it's important that -- we're a
11 community of about 2,200 people. Almost all of us are not
12 local. We came here, and we came here because of the
13 viewscape, because of the grasslands. And all of a
14 sudden -- and that made us kind of unique.

15 There isn't many places, excuse me, like us in
16 the -- in this part of the world or any place in the
17 world, for that matter.

18 And this line is going to disturb that
19 viewscape -- not just for me and my wife -- but it's going
20 to disturb it for everybody that lives there.

21 So I just want to say, I don't think we've been
22 treated very well. I don't think we've got the real
23 reason that this is going to happen.

24 I appreciate your time.

25 CHMN. MAYES: Thank you.

1 Steve Getzwiller, and then after Steve, John
2 Bodey.

3 MR. GETZWILLER: Good evening. My wife could
4 not be here tonight, and she asked for me to bring some
5 copies of recent correspondence with SSVEC, with a cover
6 letter, to present to you. And I have about six copies.

7 CHMN. MAYES: Thank you, Steve. And don't
8 forget to speak into the mic.

9 MR. GETZWILLER: All right.

10 CHMN. MAYES: And if you have a prepared
11 statement, our court reporter over here, who is taking
12 down everything that everybody says so -- so that it can
13 be made a permanent part of the record and used in the
14 rate case, could you present that -- that to her, as
15 well?

16 MR. GETZWILLER: Surely.

17 Basically, I'll -- I'll keep this very brief.

18 I'm -- I'm another concerned citizen of the
19 Sonoita area, and -- and I -- I would really hope that
20 SSVEC would consider some -- some other options here, so
21 that these 20-some miles of pristine grasslands are not
22 altered forever.

23 We certainly are in a new decade, a new
24 century, and with all kinds of new technology coming
25 forward, and -- and this is going to be changing fast.

1 So if -- if there's any way to -- to curtail
2 this for a while, I -- it would -- it would prevent this
3 footprint that will be there forever, from occurring.
4 And -- and I -- there's certainly a number of other viable
5 options.

6 CHMN. MAYES: If I can ask you,
7 Mr. Getzwiller -- and -- and I know that you and other
8 commentors, in e-mails, have raised this issue of
9 alternatives and options.

10 Can you elaborate on that? Are you -- are you
11 thinking along the lines of solar, you know, other --

12 MR. GETZWILLER: -- solar -- solar and wind.
13 Yes.

14 CHMN. MAYES: -- distributed generation and
15 those kinds of things?

16 And have you presented concrete proposals on --
17 on those --

18 MR. GETZWILLER: There will be some
19 forthcoming. Yes.

20 CHMN. MAYES: Okay. Thank you.

21 COM. NEWMAN: Madam Chair?

22 CHMN. MAYES: Commissioner Newman has a
23 question for you.

24 COM. NEWMAN: Mr. Getzwiller, I -- if you don't
25 mind, I -- I think one of the options -- at least what

1 I've read from your group, as well -- and I know that --
2 that there's a possibility -- and we might as well raise
3 it right now -- is the possibility of putting the lines
4 underground, and that is the technology we know that does
5 exist.

6 And -- and I'm not giving testimony. I'm going
7 to try and help the colloquy, if you will.

8 It -- it is, however, very expensive. I'm not
9 exactly sure exactly how much, although "millions of
10 dollars" has been mentioned to me.

11 And so I am sensitive to the viewscape issue.
12 You know, I come from this area, and I certainly
13 understand what the majority of the people from Sonoita
14 are saying. It is one of the last pristine grasslands
15 left in the San Rafael Valley, left in Southern Arizona.
16 So --

17 However, the most immediate option that exists,
18 and the technology that exists, is to put it underground,
19 and it'll cost millions of dollars. And technically, the
20 ratepayers would have to pay for it. That means the rate
21 payers, not only in -- in your valley, but also up in
22 Willcox and all over -- all throughout the service area.

23 So what do you have for me in response to
24 that? Because that is one of the options.

25 MR. GETZWILLER: Our -- our thoughts are solar,

1 wind, and to generate energy -- energy, in five or ten kV
2 stations, that -- that are -- that are local, could
3 support -- take more of the support -- the -- the current
4 load, and the feedback into the grid for other -- other
5 areas.

6 COM. NEWMAN: Okay. Thank you -- thank you for
7 that, because that help -- is helpful to your public
8 testimony.

9 I -- I had also talked to an in-house
10 engineer -- we don't have many of them at the commission.
11 I was rather surprised to -- to be there and to find out
12 we don't have any -- a bank of engineers working on these
13 issues so that we can have a second view. I think they
14 usually hire a consultant, is how -- how this is dealt
15 with.

16 But the one engineer that is on the Staff, he
17 mentioned to me that you would need more stations along
18 the line, which is also very expensive.

19 And Madam Chair, the term for that, for the
20 stations is?

21 CHMN. MAYES: Substations.

22 COM. NEWMAN: Substations. And that -- that is
23 the only other option that was made valid to me and was
24 decisively for generating substations.

25 You're here talking about something different,

1 but I wanted to hear your comment. That is also a several
2 million-dollar proposition -- a million dollars just for
3 the infrastructure, and then more money for whatever it is
4 that they have to do to -- to wire up the substations.

5 So I just wanted you to know that I've looked
6 at some of these alternatives. They're -- they're
7 expensive.

8 So just in response to that, also, which is
9 another alternative, what would you have to say to me, as
10 sort of a -- a principal representative of -- of the
11 group?

12 MR. GETZWILLER: Well, it's actually my
13 understanding that this could be, not only a viable
14 option, but a cost effective one, as well. Because
15 certainly I -- I do understand that this is not -- can't
16 be something that's going to burden other cooperators
17 in -- in other parts of the county.

18 So we're looking to -- to present some -- some
19 options here, a little bit later -- and for your
20 consideration.

21 And -- and there'll be -- you know, there's
22 going to be plenty of funding coming this way, for this
23 purpose. And you know, if -- if -- my thoughts are, if
24 we're only just a year or two away from that -- that sort
25 of thing being a possibility, it's -- it's imperative that

1 we don't, you know, we don't make this mistake that cannot
2 be -- cannot be changed. I mean, it -- it'll be forever,
3 this footprint is going to be forever, if this occurs.

4 It's four miles down 83. A lot of people --
5 it's not only the people in -- in Sonoita, but there's a
6 lot of people that visit Sonoita for the scenery there.

7 COM. NEWMAN: I thank you for that. And I
8 didn't mean to put you on the spot. But I wanted to try
9 to -- try to make a record of understanding the group's
10 position, because I -- I have -- and I'm sure a lot of my
11 colleagues have a lot of sensitivity regarding the
12 viewscape issue.

13 Thank you.

14 MR. GETZWILLER: I thank you for your concern,
15 as well.

16 COM. NEWMAN: Thank you.

17 CHMN. MAYES: Mr. Getzwiller, just one last
18 question -- and I don't -- I don't mean to hold you up
19 there.

20 But first, I want to acknowledge the fact that
21 my colleague, Commissioner Bob Stump, was here. So now we
22 have five commissioners that -- that are here tonight.

23 Bob, would you like to make a comment?

24 COM. STUMP: Yes. Yeah. Thanks, Chairman
25 Mayes.

1 And I want to apologize to everyone here for my
2 tardiness.

3 Some of you have heard the phrase, "evil
4 stepparent." And my stepfather has lived in Tucson for
5 40 years, and he said, "Oh, you just need about -- about
6 an hour to get to Sierra Vista."

7 And so I told him I wanted -- frankly, to be a
8 little bit early, it'll take two hours. And I'm afraid
9 that wasn't long enough.

10 So anyway, I'm happy to be here, and again,
11 my -- my apologies.

12 CHMN. MAYES: Thank you.

13 Steve, quickly, when you -- you said that
14 things will be coming along in the next year or two --
15 potential new options -- are you referring to the federal
16 stimulus package that could --

17 MR. GETZWILLER: Potentially, yes.

18 CHMN. MAYES: -- include money for renewable
19 energy -- distributed renewable -- renewable energy
20 technologies that could be deployed throughout --

21 MR. GETZWILLER: Um-hmm.

22 CHMN. MAYES: -- rural America? Is that --
23 okay.

24 And are you in touch with Congresswoman
25 Giffords' office on those issues, by any chance?

1 MR. GETZWILLER: I have not been. But I -- I
2 believe that there are some other people who have been,
3 yes.

4 CHMN. MAYES: Okay. Thank you.

5 MR. GETZWILLER: Thank you.

6 CHMN. MAYES: John Bodey, and then on deck we
7 will have Sandra Wolf.

8 MR. BODEY: My comments are primarily directed
9 in terms of the direction and the relationship that the
10 community of Sonoita has had with Sulphur Springs Valley
11 Electric Cooperative.

12 Early on, we were told that when we've asked
13 questions that -- that they couldn't speak to us because
14 they were in litigation. And that -- that argument
15 persisted for quite a while.

16 And then after that was finally settled,
17 they -- they scheduled a couple of meetings, and they
18 spoke to us, and they presented options.

19 And -- and then over time, we discovered that
20 they were -- had been pursuing the acquisition of
21 right-of-way from landowners, primarily absentee
22 landowners, along one of those options, prior to the
23 ending of the litigation, and therefore, before they had
24 started to speak to the community.

25 And we just found that to be kind of -- at

1 least I personally felt that that was kind of underhanded,
2 and it certainly wasn't open in their discussions with the
3 community.

4 And the result was that the options that they
5 then eventually did present were kind of moot, because
6 they had settled and had committed to an option, and
7 therefore, didn't appear to be open to comments that we
8 had to make.

9 And now over time, when we have come to them
10 with various options concerning other alternatives to the
11 line, including a renewable energy methods, we have either
12 had to wait for a long time and gotten help from you folks
13 in order to get answers from them, or -- or they have
14 also -- we have gotten answers that were incomplete or
15 just not satisfactory.

16 So that's generally my comments.

17 CHMN. MAYES: Thank you.

18 Sandra Wolf.

19 And then on deck, we will have Dorothy Sturges.

20 MS. WOLF: Hi. Thanks for coming this
21 evening. And I hope that you can come and visit us in
22 Sonoita, also, and see what we're concerned about.

23 My name is Sandy Wolf, and I'm a resident of
24 Sonoita -- previously from Phoenix.

25 This is 2009. I was under the belief that we

1 were all becoming more environmentally conscious.

2 The proposal of the 69 kV power line would
3 destroy acres of our pristine land, and I really welcome
4 you to take a look at that, if you haven't.

5 It will be permanent -- as Steve said, it would
6 be a permanent destruction of the grasslands. They don't
7 grow back readily.

8 If you've looked at our skyline, we have been
9 criss-crossed with power poles and wires, visually, its
10 really kind of -- I don't know -- it doesn't look so
11 great.

12 For those of us who live there, besides the
13 visual, it can also lead to the devaluation of our
14 property. And also people coming to visit the area, the
15 birders, the hunters -- you know, just -- we have an
16 awesome group of people that come to visit Patagonia and
17 the Sonoita area.

18 I hope that you open your minds and you listen
19 to our thoughts.

20 At all the previous meetings, the community
21 said they were in favor of using the current line, okay?

22 It's hard for me to really understand that we
23 can bring in all -- that Sulphur Electric -- that they can
24 bring in all of that powerful equipment, bulldoze the
25 area, and if they're not going to make a straight 10-foot

1 line down the road, during all that, and take down these
2 gorgeous oaks that are nowhere else in Arizona, for power
3 lines, when they can use the current power line.

4 And it also bothers me that in a few years,
5 five to ten years, with new technology, the line could
6 become a dinosaur, and hopefully newer, more efficient,
7 and less expensive ways to transmit power will be
8 available for us.

9 I would hope that Sulphur Electric would become
10 a leader in the field of new technology, that we can
11 actually turn around and say, Hey, Sulphur Electric did a
12 great job -- rather than just another big company not
13 respecting the rights of property owners.

14 I understand you can't at this point,
15 upgrade -- upgrade the existing power lines, so why not
16 look at this now and upgrade the existing power lines.
17 Spending lots of money right now, when the economy is
18 suffering, and asking for a rate increase when people are
19 finding it difficult to pay their bills doesn't make sense
20 to me.

21 Thank you.

22 CHMN. MAYES: Thank you, Sandy.

23 Dorothy Sturges, and then Robby Richards.

24 MS. STURGES: Good evening. I'm Dorothy

25 Sturges. I've been a resident of Sonoita for 23 years. I

1 live on a beautiful piece of property that isn't going to
2 be affected, but a lot of other people's property is going
3 to be affected. And I just want to say that I agree with
4 the comments of what other people made, particularly John
5 Bodey, and particularly Sandy Wolf.

6 Thank you, very much.

7 CHMN. MAYES: Dorothy, could I ask you a real
8 quick question?

9 MS. STURGES: Sure.

10 CHMN. MAYES: As someone who is -- whose
11 property is -- is not going to be directly impacted, but
12 as a member of the community, how did -- how would you
13 feel about the rate impacts that would be associated
14 with -- with some of the kinds of alternatives that may be
15 out there, or undergrounding the power line?

16 MS. STURGES: I would be totally in favor of
17 this. I think anything that can be done to save the
18 beauty of the entire area is very important.

19 I'm particularly affected by this, having to
20 work for ten years for a guest ranch, the oldest,
21 continuously working guest ranch in the state of Arizona,
22 south of Patagonia. And I'm well aware of the tourist
23 concerns of the area.

24 And if I have to pay more to keep this sort of
25 type of construction and so on, then so be it. I would

1 happily do so.

2 CHMN. MAYES: Thank you for coming.

3 MS. STURGES: Thank you.

4 CHMN. MAYES: Robby Richards.

5 And then, after Robby, we'll have Connie
6 Mullineaux.

7 MR. RICHARDS: Greetings, Commissioners. Thank
8 you for giving me this opportunity to speak tonight.

9 My name is Robby Richards. I'm a small
10 business owner who is pursuing opportunities to develop
11 and own and operate distributed generation projects,
12 using -- utilizing multiple different types of renewable
13 energy technologies.

14 First off, I know it's not very popular with
15 the rate payers, but I would like to speak publicly in
16 favor of the pending rate increase.

17 I know that it is very difficult to maintain
18 generation assets -- the cost of fuels and so on is very
19 volatile, especially in the last 12 months. And even
20 though it's a little bit unpopular, I think it's important
21 that utilities, on the public side, as well as the
22 potential independent project producers like myself -- we
23 have to be able to earn a reasonable return on investment,
24 and in my case a small profit.

25 So I think that it is important that the

1 utility be given small rates of increase periodically, so
2 that they can maintain proper service to their customers.

3 On the issue of renewable energy, I would like
4 to say that I personally conducted numerous meetings with
5 several Southern Arizona cities, school districts,
6 multiple residents who are here at this meeting tonight,
7 and I have unanimous -- unanimously seen a very strong
8 interest in their utilizing new sources of renewable
9 energy in Southern Arizona.

10 The problem for independent power producers
11 like myself has historically been the funding mechanisms.
12 And as another gentleman mentioned, we're all aware of the
13 numerous renewable energy incentives that were part of the
14 TARP legislation of last year, and now the stimulus bill,
15 which I understand has passed today.

16 So there's a lot of funding that will very soon
17 become available to companies like myself, if I have the
18 opportunity to make a presentation to Sulphur Springs and
19 have an opportunity to try to get my project going here
20 in -- we're working in Santa Cruz County, as -- as well as
21 Cochise County.

22 I would also respectfully like to ask the
23 Commission, while I have this opportunity, to consider, in
24 the future, raising our current renewable energy standard
25 above our current 15 percent.

1 I believe that we should also look into a
2 fee-and-tariff system similar to those in Germany and
3 other European countries. I think there's abundant
4 evidence that shows that if you set a lofty goal and you
5 provide a reasonable rate of return for independent power
6 producers, that there is dramatic stimulation in all sorts
7 of new jobs, new technologies. It makes the grid stronger
8 by having more sources of distributed generation.

9 And it is a stated goal of our state and
10 federal government, for national security issues, to
11 develop more distributed generation sources.

12 I'd like to very quickly kind of mention the
13 reference to your -- your questions, earlier, about have
14 there been specific proposals?

15 I have not had the opportunity to personally
16 meet with Sulphur Springs in the past. I have introduced
17 myself to several members of the company tonight. I
18 could -- I have had numerous discussions with different
19 types of technology providers.

20 We've had a couple of meetings with Cummins
21 Engine -- Cummins from Columbus, Indiana, flew out here
22 and met with me. They're willing to back me and get
23 involved in my project.

24 We've had a couple of the meetings with
25 Ingersoll Rand, who manufacture microturbines that could

1 be utilized in the landfill gas operations and things of
2 that nature.

3 Ingersoll Rand has expressed a -- a written
4 formal offer to get involved with preparing the same theme
5 for renewable energy projects. We also had a gentleman
6 that came from Austria, just a couple weeks ago. He flew
7 over here and met with myself and my company, Copernicus
8 Energy, and several members of the community in Santa Cruz
9 County.

10 So, in short, I believe that my small business
11 has the technical know how and the wherewithal and
12 certainly the desire to try to get involved in perhaps
13 solving some of these issues, that I assume some of you
14 would like to see these sources of distributed
15 generation. The utility has funding for new sources of
16 distributed generation.

17 And I'm here jumping up and down, waving my
18 arms, saying, Pick me. Put me in, Coach.

19 We -- we want to be involved in generating
20 renewable energy for the systems of the county.

21 Thank you for giving me this opportunity.

22 CHMN. MAYES: Thank you, very much, for -- for
23 coming. And I -- I appreciate your comments on
24 distributed generation, and the renewable energy
25 standard.

1 As you know this commission was the -- was the
2 branch of government that adopted the 15 percent renewable
3 energy requirement for our utilities.

4 I agree with you that we should go beyond that
5 now and we should begin to look at 25 percent by 25 --
6 2025. And I hope that this commission will do that soon.

7 Sadly, I want you to know that there has now
8 been introduced in the legislature a bill that would strip
9 the Corporation Commission of our authority to set
10 renewable energy standards, and that would destroy solar
11 energy in the State of Arizona.

12 So I hope everyone in this room writes to the
13 legislature and urges them to stop that immediately.

14 But we will continue to push forward at this
15 commission to -- to advance renewable energy in Arizona,
16 so that projects like yours can go forward.

17 Thank you for being here.

18 COM. NEWMAN: Madam chair?

19 CHMN. MAYES: Commissioner Newman?

20 COM. NEWMAN: Yes. I also thank you for your
21 comments, particularly with -- with regard to RES.

22 I -- I was going to ask you a question -- I
23 might as well make it part of the public record -- so I
24 can understand this a little bit more.

25 I would like to see more solar energy

1 projects.

2 I ran with -- with Sandy and some people on the
3 solar team. We were total -- totally dedicated to
4 increase renewable energy -- wind and sun and -- and other
5 methods in Arizona.

6 And I'm sitting up here, just trying to figure
7 out -- I -- I thought that the problem that the company
8 had was getting transmission coming from its other
9 sources, down to the Patagonia and the Sonoita area,
10 because it is understood -- and that -- that is part of
11 the record, I -- I believe -- at least that's how we
12 stated that. I take that -- their word for it. I saw it
13 in a few investigations about that.

14 But if you have solar project in Patagonia and
15 Sonoita placed there, how are you going to get the power
16 out -- back out, if the lines may not take it? You know,
17 that -- that's the technical issue.

18 Would you like to respond to that?

19 MR. RICHARDS: Certainly.

20 We met with the mayor of Patagonia and one of
21 the city council persons there. And the types of things
22 we were proposing were -- or proposing was the wrong
23 word -- at this stage we were exploring.

24 But some of the things we were exploring was
25 having multiple smaller installations. For example, maybe

1 you put in a 500 kilowatt or one megawatt system in
2 Patagonia, where the current distribution lines could
3 handle that power.

4 Or you're in a situation where we talked about
5 their sewage treatment plant and their electricity usage
6 there. So we were looking at, perhaps, establishing a
7 solar array at exactly that site, to where the power would
8 be basically 100 percent utilized, right on the site.

9 And maybe in that situation, we actually
10 wouldn't be selling the power back to Sulphur Springs. It
11 might not be an excess. But we were talking about
12 distributed -- multiple distributed generation sites that
13 could fit in with the desires of the citizens, to where we
14 don't have one massive 400-acre solar array, it's --
15 it's -- that takes up the entire vista. Perhaps you'd
16 have ten 500 kW systems or 20 one megawatt systems
17 scattered all throughout the Sulphur Springs service area,
18 so that we would not be overtaxing the -- the current
19 infrastructure.

20 COM. NEWMAN: And what you're saying is a new
21 method of distributed generation, it's a part of the
22 concept of distributed generation, but you'd have to be
23 working very closely with the company to get this project
24 off the ground.

25 MR. RICHARDS: Most certainly. Most

1 certainly. We'd have to be working with their engineering
2 staff and the way that I understand in the legislation and
3 the rules, that's basically on me as an independent power
4 producer.

5 I make an application to the public utility.
6 They acknowledge me. And then the next step is typically
7 an engineering study, kind of a quick determination of
8 where you're going to put your system, what's the line
9 sizes and such.

10 And that step kind of establishes will it
11 work? Are -- are -- what you're posing completely out of
12 the realm of possibility for the application?

13 So there is absolutely very close cooperation
14 between an independent company -- or a private company,
15 like myself, and any utility where I would propose my
16 system, I would be responsible for basically producing the
17 engineering report and showing that it would work without
18 causing any problems.

19 COM. NEWMAN: And with regard to
20 capitalization, it is true that -- that incentive packages
21 that are coming down from the federal government are very
22 promising. We're hoping that the state energy offices
23 work with lots of people on the ground in rural Arizona
24 and all over Arizona for this.

25 But what do you propose your capitalization may

1 be?

2 MR. RICHARDS: We have had a very small
3 commitment from a small community bank in California
4 called CalFirst. I talked with the senior vice president
5 of CalFirst just last week, and they are very aggressive,
6 pursuing new renewable energy generation projects,
7 particularly of my size.

8 In the grand scheme of the power industry, I'm
9 a very, very small player. My business model is to
10 develop projects of 20 megawatts maximum and smaller. And
11 that's a good fit for his bank.

12 And what his suggestion was we would
13 immediately pursue a U.S. Department of Agriculture loan
14 guarantee under perhaps their REAP program -- R-E-A-P.

15 And to -- to quote him, as soon as we obtain
16 that USDA guarantee, it's a no-brainer for his bank to
17 fund us.

18 COM. NEWMAN: I thank you very much.

19 Madam chair, there's one other thing.

20 I thank you for your comments.

21 I -- I just wanted to make a comment regarding
22 your comment on RES. And so everyone in the audience
23 knows it, it is going to be an absolute goal of this
24 administration to work on renewable energies.

25 And it -- we're hearing some -- some talk that

1 Washington is -- is planning on upping its renewable
2 energy standards. So I -- I wanted to reiterate what the
3 chair -- chair said about what's going on.

4 The legislature is a problem, because if we
5 have to cut our renewable energy standard, or if we lose
6 power over that, you should be talking to all your
7 legislators about that. And your areas are represented by
8 numerous legislators and different districts, so you
9 should be talking to all of them.

10 The federal government will probably be upping
11 its -- its RES requirement. And we think, you know, that
12 we'd like to do that. We'll probably be talking about
13 upping the requirement in Arizona very shortly.

14 But it's very important that everyone in this
15 audience, and whoever is listening, and any reporters
16 here, know, tonight, that there is a threat that that
17 requirement might go away, if this bill passes.

18 So that's a big thing. And it's just -- it's
19 not why we're here tonight to sort of publicize that.

20 But when you're suggesting that we up the RES,
21 it's sort of our duty to -- to tell you that there --
22 there are very, very strong people in Arizona -- probably
23 associated with the Goldwater Institute and other entities
24 in Arizona -- who would like to not make Arizona the solar
25 capital of the world and that is antithetical to my goal.

1 I'd like to make Arizona the solar capital of the world..

2 Thank you.

3 MR. RICHARDS: Thank you, Commissioner.

4 CHMN. MAYES: Thank you, sir.

5 Connie Mullineaux. And then after Connie,
6 we'll go to Steve Mann.

7 MS. MULLINEAUX: Thank you for listening to us
8 tonight. I'll -- I'll be brief with mine.

9 I just -- I think this can be a win-win
10 situation for you and for the community.

11 There's just a whole new change with our new
12 administration, and it's -- it's in the air. We're not
13 going to be able to stop it. It's here.

14 And the people have a voice and we want to be
15 heard. We want to be fair, and we want to care for the
16 world and all the people in it. It's a whole new train of
17 thought.

18 And the people in Sonoita -- we're a small
19 community. I don't know all of the people there. But we
20 have big hearts, and we love the land and we love the
21 people and the animals here.

22 But more importantly, we want to do our share.
23 We want to pay for the electricity that we'll eventually
24 have. But we want to do it in a way that's healthy and
25 that serves everyone.

1 It'll be a win for you and a win for us. Thank
2 you.

3 CHMN. MAYES: Thank you.

4 Steve Mann, and then Matt Parrilli.

5 MR. MANN: Thank you for coming down here and
6 listening to the Santa Cruz County and the Cochise County,
7 and how we'd like to deal with our monopoly here called
8 Sulphur Springs. And as we know, they can operate in two
9 counties.

10 But also, as you know, we are producing
11 electricity in these areas by coal, primarily. And as
12 your reports have shown, we're already maxed out on that.
13 We would have to produce one coal plant to keep up with
14 the needs of Arizona, a month, as this was reported from
15 your group.

16 And I'd like to read to you, with the
17 initiatives that are coming out, how are my vision and our
18 community's vision -- I've lived in Sonoita for 29 years.
19 And I'm -- a community solar project that is owned by the
20 community, the distribution of that funds goes to the
21 immediate community, and has an economic stability that
22 goes for the next 25 years.

23 So I would like to read this to you -- and I
24 have copies for you.

25 Our goal is to create community energy

1 independence by establishing, privately solar --
2 privately-owned solar farms to meet our growing power
3 needs.

4 With our community's support, here's what we
5 intend to do -- develop ten generating stations in
6 Southern Arizona located close to existing transmission
7 lines, providing power supplementations to local
8 utilities, helping them meet their sustainable energy
9 generating requirements. Each station will be designed to
10 provide one meg, initially, and to be able to be expanded
11 to ten megawatts.

12 In the individual ownership, we'll be able to
13 take advantage of the bulk purchases and incentives,
14 making systems installed far more affordable, similar to
15 the neighborhood programs that's being done in California
16 and San Francisco, which is one of the largest groups, and
17 in Denver.

18 All their equipment will be owned by local
19 individuals, exactly as if it was installed on their
20 private properties. All financial proceeds; state,
21 federal, and local tax credits; rebates, and all
22 incentives from this equipment will be accrued to the
23 owners.

24 This relies on the assumption that the utility
25 companies and other entities will offer the same economic

1 incentives for individuals owning the equipment, as they
2 would if it was on their individual properties.

3 Establishing purchasing agreements with local
4 utility companies to buy power produced by the plants,
5 negotiated with maximum green rights, based on federal and
6 state sustainable generation mandates. Construction of
7 these projects to begin immediately, to be completed by
8 2011, meeting that need that we want 10 percent or Obama's
9 group or a federal group, we want it to be at least
10 10 percent by 2012. That's a lot of work for our nation
11 to do. Site locations and the installation operations
12 will be provided by the solar community farms.

13 We hereby request confirmation from the
14 Corporation Commissions to approach the feasibilities
15 under current regulation and utilities company policies.

16 This is, basically, instead of re -- putting
17 the power back into the individual's hands. We have large
18 corporations that own the power companies, private in
19 Arizona, and coops. But what really happens is the
20 individual is forgotten.

21 We need to give the rights back to the
22 individuals. The -- the rebates to put a million homes
23 that was set in Arizona -- the names of calling Arizona --
24 that we want it to be the Saudi Arabia of solar, needs to
25 be remapped with the standards of what -- and that funds

1 go to the individuals. Do not exclude them, please do not
2 exclude them.

3 This is the best distribution of the economic
4 policies to get money back into individual's hands, in a
5 long-term commitment, and bring in sustainable economics
6 to our rural areas that so many times get forgotten and
7 need this very, very much.

8 Thank you, very much.

9 CHMN. MAYES: Thank you, very much.

10 Matt Parrilli, and then Laura, is it Sunk or
11 Silk?

12 MS. SINK: Sink.

13 CHMN. MAYES: Okay.

14 MR. PARRILLI: Let me add my thanks to you all
15 for making the extraordinary effort to come down and --
16 and visit with us and listen to us.

17 Three things, just briefly. There's little
18 doubt in your mind by now, that a lot of the emotion and
19 anxiety about this has to do with visual pollution.

20 I, for my own part, paid to bury my power
21 source and I also have modified my house design to lower
22 the roof profile and set the -- a more risky pitch, just
23 so it wouldn't stick out like a sore thumb. And you run
24 across that time and time again, as you talk to us, and
25 anybody else out there.

1 Secondly, you know, this thing has been going
2 on apparently for quite some time -- longer than I had
3 thought. And only recently was the last, perhaps, in a
4 series of -- of court visits between the company and
5 Babacomari Ranch in Sonoita, which spans over the Santa
6 Cruz, as well -- excuse me, the Cochise, as well.

7 But all of a sudden, you know, after all that
8 passing of time, now that the pit bull is out of the box
9 and we've got to get this thing done like in two weeks,
10 you know, rush, rush. They've already started,
11 apparently, clearing -- clearing the right of way and
12 digging pole holes.

13 We have never to my knowledge been exposed to
14 any of the results of that litigation or why, now, there
15 is such a -- a rush. Perhaps you have the authority and
16 power to look into that for us.

17 Lastly, and as Mr. Newman pointed out, when you
18 ask the question about options to bury, the answer you get
19 is, Oh, it's millions, it's 10 times, 11 times, a million
20 times more expensive. But we've never been shown any
21 numbers, exactly how much more expensive it is.

22 How do you run a business like that, you know.
23 I mean, if you don't have firm figures, then some would
24 suggest you're just blowing smoke, and that would only
25 hold this thing up. And whatever this urgency suddenly

1 is, you know, gets them, perhaps, in some kind of a
2 bind -- I don't know.

3 I would like to see, you know, a legitimate,
4 solicited presentation of cost estimate on what it would
5 take to bury the last increment of what the company's
6 number 4 route option was, you know. And apparently
7 they're not even willing to solicit estimates for that.

8 Thanks, very much.

9 CHMN. MAYES: Thank you, sir.

10 And those are all questions that can be asked
11 by commissioners in the rate case. And I think those are
12 legitimate questions to ask, both by commissioners, Staff,
13 other intervenors in the -- in the rate case.

14 And I've taken down what you said, and actually
15 what -- what everybody else has said. And I think
16 there's -- we've got some good questions already to -- to
17 be asked.

18 So thank you for being here.

19 Laura Sink, and then after Laura, James
20 Rowley.

21 MS. SINK: Hi. Thank you for coming.

22 I'll be brief and short.

23 I've lived in Sonoita for 25-plus years, and my
24 property is affected by this.

25 However, I do, like the previous speakers on

1 this line -- our concerns on the rush factor, why all of a
2 sudden now does it have to get done, the environment
3 effect, et cetera. And so I do agree with the previous
4 speakers.

5 Thank you.

6 CHMN. MAYES: Thank you.

7 And in addition, to -- come on -- come on
8 forward, James Rowley, and then Jeanne Horsmann.

9 There is -- I think I'm going to have allowed
10 an individual from the company to speak toward the end of
11 the session. And one of the questions that I -- I think
12 we ought to ask is, Why now? And what is the rush? And
13 that will be, certainly, one question I want to ask.

14 MR. ROWLEY: Thank you, commissioners, for
15 coming here, and I really appreciate you taking the time
16 out to come and see us. An opportunity may not present
17 itself to come and see Sonoita and Elgin on this trip, but
18 please try to do so in the next few months.

19 One of our biggest resources we have is our
20 viewsapes. And it's just gorgeous down there in the
21 area. This -- this power line -- the proposed location
22 is -- is going to pollute that viewscape for many people
23 and many years to come.

24 The existing distribution system was put in, in
25 the early '50s. It comes in from Highway 82 and along

1 Highway 90.

2 I think one of the -- the reasonable solutions
3 is to rebuild the existing structure, like they do at APS,
4 SRP, TPE, and even Sulphur Springs has just completed a
5 job here on Highway -- on the bypass where you -- you go
6 in and you upgrade the existing facilities.

7 And yeah, there are issues with safety,
8 easements, right of ways, clearances, things like that --
9 they're all issues that can be addressed, and minor
10 changes in line location may be necessary.

11 And we're only talking about the maximum of
12 7 megawatts is what we kind of maxed out on the area right
13 now. We're not talking a lot of power. Some of these
14 distributed solar powers, if we only make one or two
15 megawatts in the next five years and put them in strategic
16 places, it's going to solve the immediate problem.

17 And long term, we all understand that -- that,
18 you know, there's going to have to be more power for
19 everybody in the future. But let's use existing utility
20 corridors and rebuild existing structure, rather than
21 going in and putting in new lines and tearing up the
22 existing landscaping.

23 The other issue is the -- the rate hike.
24 Because we're a rural area, we're already paying a really
25 high price per kilowatt hour. The Santa Cruz County and

1 Cochise County is a very depressed area in this part of
2 the state, especially with construction -- mining and
3 everything is slow right now. The only thing we really
4 have going for us is Fort Huachuca and some local
5 development.

6 The -- the rate hike right now is really going
7 to hurt the economy and the individual person. A lot of
8 people now have a hard time paying their bill. We have --
9 our high utility bills are in the wintertime, as well as
10 heat from electricity.

11 And it's very tough for us to, you know, you
12 know -- you know, a lot of us are behind a month or -- or
13 you know, or two or three weeks on our bills, and it's
14 very tough now. And there -- and I'm sure you're aware
15 that the -- the high utility costs for the utility
16 companies is to generate power, because of the fuels,
17 that -- that's passed on and we've been paying that. The
18 overall rate structure, we'd really like to keep the
19 same.

20 And -- and please look into this line.
21 There's -- there's a lot of other options that -- that the
22 community has explored, and we've tried to bring them to
23 Sulphur Springs. And we've been met with, basically, that
24 they know what's best for us.

25 And we're really concerned about destroying our

1 viewscapes.

2 Thank you.

3 CHMN. MAYES: Thank you, very much.

4 Jeanne Horsmann.

5 And then after Jeanne, Bronuren McDermott.

6 MS. HORSMANN: Chairman Mayes, commissioners,
7 thank you for coming.

8 My name is Jeanne Horsmann, and I live in
9 Sonoita. The power line does not run near my house.

10 I am one of the more outspoken people who
11 oppose this line. I'm the person who has been carrying on
12 a question-and-answer dialogue with SSVEC. I e-mailed you
13 my response to SSVEC's reply, that you directed them to
14 respond to me. And I have a copy here for you also.

15 I won't repeat any of that now. I won't waste
16 your time on that.

17 Instead, I would like to first dispel a
18 misconception that SSVEC seems to be under. Jack Blair
19 has been quoted in a local paper as stating 5,000 people
20 are affected by this route and only a handful have
21 complained.

22 The population of the Elgin, Sonoita, and
23 Patagonia area is maybe only 2,500. I have signatures
24 from 264 people from Elgin, Sonoita, and Patagonia --
25 actual residents who have signed petitions or written that

1 they are opposed to this line. That's over 10 percent.
2 Hardly a handful.

3 In fact, I've been told that that's a larger
4 percentage than what SSVEC has used to change their
5 bylaws.

6 And at each of the three public meetings, the
7 vast majority of the attendees expressed opposition to the
8 route that they've chosen.

9 Second, SSVEC has not given us hard facts or
10 cost comparisons to prove that this planned route, in its
11 entirety, from the Huachuca substation to the Sonoita
12 substation is the most reliable choice and/or the most
13 cost effective.

14 Third, SSVEC has stated that there is no
15 cultural or biological impact of this planned route. They
16 have presented no proof to back this statement up.

17 I have documentation that the Babacomari
18 Village is directly on the planned route, and I will give
19 you a copy of it.

20 This is an archaeological site dating back to
21 prehistory. Wherever you have water, you have people.
22 The line runs along the river and points that there are
23 communities there.

24 I also have documentation from the Game and
25 Fish Department that 29 special status species have been

1 found within three miles of the line. Fourteen of them
2 have been found on or near the Audubon Research Ranch
3 which borders the line.

4 Now, as a private citizen, I can't get the data
5 to tell me exactly where they are. SSVEC should have it.

6 These are species whose classifications include
7 threatened and endangered.

8 Fourth, and possibly most important, SSVEC has
9 shown no interest in discussing the alternatives that were
10 presented to them last year.

11 But this year, exciting things are happening.
12 The federal and state governments are both supporting
13 renewable energy and distributed power. The federal
14 stimulus plans including -- includes attractive incentives
15 for renewable energy, such as direct federal non-matching
16 grants, one to two percent loans, and generous tax
17 incentives.

18 So SSVEC's budget is 7.8 million for this
19 route. There's funding available for alternatives, even
20 if they do cost a little more. It won't cost the rate
21 payers in the long run any more, if we can investigate
22 some of these methods of funding.

23 A group of residents has proposed -- has come
24 up with a new proposal, that a few small five to ten
25 megawatt generating stations, powered by renewable

1 energy -- solar, biomass, or wind -- situated locally
2 within -- within the community would be able to provide
3 not only enough power for the community, but to feed
4 excess back into the grid -- green power. So if we're
5 using 10 megawatts locally, we're not sucking it in, and
6 that line is now available to send some out.

7 This would not only remove our dependence on
8 energy brought in from faraway coal-powered plants, but
9 increase reliability as now the power is generated locally
10 and you're not sending it long distances.

11 The power requirements for Arizona are expected
12 to exceed the availability this year. That means Arizona
13 will have to import from out of state.

14 Why not start generating locally? Green power,
15 generated locally, would also help SSVEC achieve their
16 renewable portfolio standards. This would be a win for
17 the community and a win for SSVEC.

18 So I ask that SSVEC stop work. And one, show
19 us how this route is the most reliable and what
20 alternatives did they consider. Give us the facts.

21 Two, show us that this is the most
22 cost-effective solution and what alternatives did they
23 consider. Give us cost comparisons.

24 Three, show us that they have done their due
25 diligence and will not be impacting the ecological and

1 cultural treasures that reside in our irreplaceable
2 grasslands.

3 And finally, four, sit down with the community
4 and discuss alternatives, including locally generated
5 power for renewable resources.

6 Just because we can do a thing, doesn't mean
7 that we should.

8 Thank you.

9 CHMN. MAYES: Thank you, very much.

10 Bronuren McDermott, and then Susan Tegmeyer.

11 Ms. McDERMOTT: Good evening. I am not a
12 resident of the Sonoita area. I am a resident of the
13 Sierra Vista area.

14 And basically, I'm sitting here listening to
15 everything. And I understand where the people of Sonoita
16 are coming from, with their -- wanting their -- their
17 views pristine and beautiful.

18 But at the same time, I believe that what --
19 what all these proposals are going to do, as far as
20 burying the lines and all of these other things, are going
21 to increase the rates for the rest of us. And that's not
22 something that -- that I would like to see.

23 I've been in the Sonoita and Elgin area. It is
24 very beautiful. But at the same time, I believe that the
25 co-op -- SSVEC here -- is owned by the members and it

1 serves our community.

2 I believe that it -- it provides reliable
3 electricity at a low price, compared to many other places
4 in the country. I have lived in other places where there
5 were co-ops, and it is a lot more cost effective than not
6 having a co-op available.

7 And I think that you have to look at the bigger
8 picture, not just the few people that -- that are worrying
9 about whether it's going to affect them.

10 SSVEC is committed to the customers in our
11 area, and they do a lot for our community. They support
12 our youth here with scholarship programs, and so on and so
13 forth; supporting the people who don't have the money to
14 pay their bills -- people in dire straits who have medical
15 issues and so on. And that comes through contributions
16 through their Round-Up® program.

17 So there are a lot of things that SSVEC does
18 for this community, that have not been addressed or
19 heard. All I'm hearing is the bad stuff.

20 And coming from the other side of it, I just
21 would like to say that it's not all bad. There are a lot
22 of good things that SSVEC does for this community, and
23 that the big picture has to be looked at, as well -- not
24 just the few people that want things to stay the same and
25 never change.

1 (Applause.)

2 CHMN. MAYES: Thank you.

3 MS. McDERMOTT: Thank you.

4 CHMN. MAYES: Thank you. Thank you for their
5 perspective.

6 Susan Tegmeyer, and then Valerie Lancaster.

7 MS. TEGMEYER: I'm also from the Sierra Vista
8 area, and I'd like to speak to some of SSVEC's good
9 traits.

10 At a time when corporations are demonstrating
11 less than admirable qualities, SSVEC has continued to --
12 to be a model that works. They've established a history
13 of conservative management and prudent expenditures.

14 The people of -- of Sierra Vista, Cochise
15 County, are actually members of SSVEC, and -- and they're
16 a co-op, as the previous lady said. And they've been
17 serving Southeastern Arizona with -- since World War II,
18 with World War II gensets. And they've served
19 Southeastern Arizona agriculture and high-tech
20 industries.

21 Since SSVEC has always been a customer-oriented
22 company delivering power at reasonable prices. They've
23 demonstrated good stewardship of our natural resources,
24 while balancing the demands and meeting the needs of a
25 growing and diverse population in Southeastern Arizona.

1 As a local utility, SSVEC contributes to
2 nonprofits that are customers and members. In these tough
3 economic times, when many chains and corporations support
4 charities exclusively in their cities where their
5 corporate headquarters are located, local non-profits rely
6 on their sponsorships and donations for the programs and
7 services, with the -- with the money that SSVEC
8 contributes.

9 Our experience with SSVEC has been that they've
10 also been responsive to community partners. Yearly they
11 have a community leaders' luncheon, where they go over
12 their plan of work, and keep the community well informed.

13 So we have experienced them as good community
14 partners. Thank you.

15 COM. NEWMAN: Chairwoman?

16 CHMN. MAYES: Commissioner Newman -- Susan,
17 could you --

18 MS. TEGMEYER: Oh, sorry.

19 CHMN. MAYES: -- come on back. Sorry.

20 COM. NEWMAN: Susan, good to see you. You're
21 just representing yourself tonight, not the -- any --

22 MS. TEGMEYER: Correct.

23 COM. NEWMAN: -- business community, per se?

24 MS. TEGMEYER: Correct.

25 COM. NEWMAN: Yeah. I -- I just wanted to say

1 hi.

2 And it's not a dispute -- there's no dispute
3 that Sulphur Springs is a -- a good community player. And
4 I -- I certainly know that, having lived in this community
5 for over 20 years, myself.

6 But the issues for tonight, if I can ask you a
7 question about them, one is rates. And -- and you know,
8 it's a double -- a rate increase that is being sought.
9 And you know, more than anyone else, about the economic
10 times, and even though service is a big -- it's not less
11 affected by the recession. To say that we're not affected
12 by the recession in Sierra Vista is -- is an
13 overstatement.

14 So what -- do you want to comment on -- we know
15 they're a good public citizen, we know that they've been
16 providing -- co-ops are good structures. We like them.

17 But do you want to comment on -- on the rate
18 increase, itself?

19 MS. TEGMEYER: Actually, given my position, my
20 job, I would prefer to not comment on that.

21 COM. NEWMAN: That's the reason I asked you if
22 you were here as an individual or not.

23 And then with regard to the line, that's one of
24 the reasons we came down, really, following up on
25 Mr. Mundell's promise that we'd have a hearing, and -- and

1 I am sort of taking Mr. Mundell's seat, so I -- I felt it
2 was incumbent on listening to the people in Sonoita on --
3 on this line issue.

4 It seems to be, tonight, that they're --
5 they're talking about questions that we should be asking
6 the company about, that we should ask the company to do
7 due diligence. It may end up being more expensive and
8 affecting other rate payers, in the sense that if they do,
9 you know, something that costs more money, that might
10 impact with the Greater Sierra Vista area, including the
11 business community.

12 So I understand that.

13 But do you think that -- you know that the
14 tourists' relevance, for example, of -- of the Sonoita
15 community to the Greater Sierra Vista. Would you speak to
16 that? Would you care to?

17 MS. TEGMEYER: Uh --

18 COM. NEWMAN: You don't want to get involved
19 with that.

20 MS. TEGMEYER: No.

21 COM. NEWMAN: Okay.

22 MS. TEGMEYER: I just would -- I came up here
23 to just talk about our experience with SSVEC.

24 COM. NEWMAN: Right.

25 MS. TEGMEYER: So --

1 COM. NEWMAN: Which is my experience --

2 MS. TEGMEYER: Yeah.

3 COM. NEWMAN: -- with SSVEC.

4 MS. TEGMEYER: And -- and -- and our experience
5 is they've always been good stewards. And you know, I --
6 I think this is all going to be worked out in the end.
7 So --

8 COM. NEWMAN: God willing. That's why we're
9 here.

10 MS. TEGMEYER: Yes.

11 COM. NEWMAN: Thank you. I didn't mean to put
12 you on the spot -- though I -- I just wanted to clarify
13 whether you were representing more than just yourself,
14 because you are a prominent person in your community.

15 MS. TEGMEYER: Okay. Thank you.

16 COM. NEWMAN: Thank you.

17 CHMN. MAYES: Thank you.

18 Valerie Lancaster, and then David Brown.

19 MS. LANCASTER: For those of you who don't know
20 me, I'm the executive director of the Boys and Girls Club
21 here in town. And I feel like I'm at the American Idol
22 competition here. That's a joke. You all can laugh.
23 That's funny.

24 I came here to Sierra Vista in 1976, when Fry
25 Boulevard ended at 7th Street. The footprint of Sierra

1 Vista, Patagonia, Hereford, Wild West, Huachuca City, has
2 grown. If some of you remember -- maybe none of you --
3 Mr. Newman, you might -- when we had TGY here in town. It
4 was kind of like the second coming of Christ, you know
5 what I mean. Everybody was, like, Holy crap, a big
6 store.

7 And we understand these communities grow and
8 communities blossom, and you know, it's kind of cool when
9 you've got Sonoita and you've got 2,200 people. But it's
10 going to grow, things are going to change. We have to
11 grow with the times.

12 And I agree with renewable energy. I agree
13 with the fact that we need to keep, as we can, the
14 pristine beauty, but we've got to grow.

15 And the reason I'm here is to thank SSVEC,
16 because, as a nonprofit, I rely on the community. And
17 there's no one, probably, in this room -- except for me --
18 who is also running a nonprofit, who understands how this
19 economy impacts, because the seat of my pants are worn
20 out. I mean this economy sucks for a nonprofit.

21 So without community partners, like SSVEC and
22 the other businesses and the other individuals, we -- and
23 SSVEC is a co-op. I own it. Everybody in this room
24 should own it. They help us. They invest in us and they
25 invest in this community. Without them and -- and without

1 their support, we'll fail. This community will fail.

2 So I -- I thank Jack, and I thank SSVEC. I
3 thank every member of the community that contributes and
4 does the Round-Up® and participates in it. We need them.

5 And we need you to, because I appreciate you
6 guys being that oversight.

7 So thanks, thanks for being here, everybody.

8 CHMN. MAYES: Thank you, very much.

9 David Brown, David. And then Bob Million.

10 MR. BROWN: Good evening. I have a few
11 questions regarding the rate application aspect of the
12 meeting here.

13 Briefly, what kinds of utilities are subject to
14 ACC regulation?

15 CHMN. MAYES: Well, I'll give you -- I'll give
16 you an answer.

17 Generally, what -- what are called public
18 service corporations are regulated by the Corporation
19 Commission. And those are essentially all of the state's
20 natural gas companies, electric companies, and about 400
21 private water companies.

22 We do not regulate municipal utilities. And we
23 do not regulate the Salt River Project company -- and it's
24 because of the -- for constitutional reasons.

25 But, basically, we regulate all other public

1 service corporations, AKA, monopolies.

2 MR. BROWN: And essentially, the rest are owned
3 privately.

4 CHMN. MAYES: A lot of them are, but we also
5 regulate --

6 MR. BROWN: For the utility rate increase, I
7 presume they have to get permission from you folks.

8 CHMN. MAYES: Yes.

9 MR. BROWN: And what is required for them to
10 show why they should have an increase?

11 CHMN. MAYES: Well, it's a long process, and
12 I -- I don't --

13 MR. BROWN: Yeah.

14 CHMN. MAYES: It'll probably take the rest of
15 the night, but -- but basically, they have to file the
16 case, showing why they deserve an increased rate of
17 return. And -- and there's a great deal of accounting,
18 forensic accounting that goes on, legal analysis,
19 engineering analysis. Our Staff goes out and investigates
20 the company's physical plant to determine what is, quote,
21 unquote, used and usable, and then we come up with a rate,
22 based on all of that information.

23 MR. BROWN: So you do have a Staff that looks
24 into that aspect of the application?

25 CHMN. MAYES: Absolutely, absolutely, um-hmm.

1 MR. BROWN: So that it is possible that they
2 may get an increase, but not what they asked for?

3 CHMN. MAYES: Almost always they don't get what
4 they ask for. Yes.

5 MR. BROWN: That's encouraging.

6 CHMN. MAYES: Yeah.

7 MR. BROWN: So the procedure then is if the
8 utility wants an increase, they have to file an
9 application with you and show why and what their figures
10 and numbers are --

11 CHMN. MAYES: Correct.

12 MR. BROWN: -- and why.

13 CHMN. MAYES: Yes.

14 MR. BROWN: Okay. And let's see, so the Staff
15 then, excuse me, analyzes the application then? Okay.

16 What are the -- some of the primary, briefly,
17 considerations for granting a rate increase? Do they --
18 do you look at the rate base and the rate of return?

19 CHMN. MAYES: It -- sir, and I know -- and I
20 can walk you through this, personally, after the meeting,
21 if you like, or someone from our Staff can.

22 But primarily this is for public comment about
23 the case and about the power line.

24 So -- and I -- and I'd be glad to walk you
25 through all of this.

1 MR. BROWN: Okay. Well, I'm relatively new to
2 the area. I came from a different state.

3 CHMN. MAYES: -- state. Yeah.

4 MR. BROWN: Where we did things differently,
5 and I was just curious of how this worked.

6 CHMN. MAYES: Okay.

7 MR. BROWN: As far as that power line problem
8 goes, one alternative which occurred to me -- and I don't
9 know what the situation is -- but would it be possible to
10 increase the capacity of an existing power line to take
11 care of what they want to build a new one for? Something
12 to think about.

13 CHMN. MAYES: Thank you. Thank you, Mr. Brown,
14 for that comment.

15 Bob -- is it Million?

16 MR. MILLION: Yes.

17 CHMN. MAYES: Okay. And then after Bob, we
18 have Trudy Berry.

19 MR. MILLION: My name is Bob Million. I'm the
20 owner and president of Sierra Vista Superwash,
21 Incorporated. So I'd like to speak on, maybe, the behalf
22 of some of the smaller business people in town.

23 We've been in business for 12 years, going on
24 13, and we've always felt that we had a good relationship
25 with the cooperative. We've appreciated their service and

1 they certainly have responded to any problems we've had.
2 So we -- we'd like to express that, at least.

3 My major point is -- and of course it has to do
4 with the economy -- our business is down approximately
5 60 percent over last year. Our utilities have more than
6 doubled in the past year. We're at that point where, you
7 know, we're either going to raise our rates to the people
8 of the community or we're going to close our doors.
9 We're -- we're already on a very small profit margin to
10 stay in business.

11 And again, speaking on behalf of the small --
12 small businessman, we're really in a bind.

13 So I'm sure the households are seeing the same
14 thing that we are as the business. I read in the paper
15 here, several weeks ago, about Arizona Public Service
16 getting their rate increase based on future projections of
17 infrastructure needs. I'm sure that that's, perhaps, one
18 of the considerations that you folks are looking at.

19 Well, I guess maybe we have to look at
20 Washington. They're pushing their bail-out bill and their
21 stimulus package, based on building infrastructure.

22 Perhaps there's some money coming down the pike
23 in that area, but right now a rate increase is going to
24 hurt Cochise County, and I'm sure Santa Cruz and the
25 surrounding area, served by the cooperative.

1 Again, I'm just a small businessman, but I feel
2 like I may be speaking for a lot of folks.

3 Thank you for coming, and enjoy your visit.

4 CHMN. MAYES: Thank you, very much, sir.

5 Trudy Berry and then Eva Dickerson.

6 MS. BERRY: Good evening.

7 I'm Trudy Berry, the Cochise County School
8 Superintendent. And I'm here tonight to express my
9 appreciation for all of the community projects that
10 Sulphur Springs Valley Electric Cooperative has
11 participated in over the last few years.

12 SSVEC has been able to, with your approval,
13 construct solar shade structures at 41 schools in their
14 service area. This project will enable each of the
15 schools to save up to \$600 per month in electric costs,
16 which will be very much needed this year when we are
17 facing state reductions in our school budgets.

18 SSVEC has sponsored youth engineering and the
19 science fair every year, which includes students from all
20 parts of Cochise County. And they are financially
21 supportive of our county science workshops and assist us
22 with our county teacher recognition.

23 I would -- I would like to thank SSVEC for all
24 of the contributions for our schools and to the
25 community.

1 CHMN. MAYES: Thank you. Eva Dickerson -- or
2 Eva Dickerson, and then David Grieshod.

3 MS. DICKERSON: Good evening. I'm Eva
4 Dickerson, and I manage the Sierra Vista Regional Health
5 Center Foundation, which conducts fundraising for our
6 hospital.

7 The difference that SSVEC makes to our
8 foundation with their support has greatly impacted our
9 health care community.

10 Just in the recent past, with their financial
11 support of our fundraising events, they have helped to
12 bring digital mammography to Sierra Vista -- the only
13 system of its kind in all of Cochise County. Our volume
14 of patients utilizing this technology has nearly tripled
15 since we purchased this system in October of 2007. We
16 have patients from Willcox, Benson, and many remote areas
17 of the county coming to us for this service, instead of
18 driving to Tucson.

19 They have helped us purchase cardiac monitoring
20 systems for our intensive care unit and emergency
21 department.

22 We truly view SSVEC as a partner in our
23 fundraising efforts. And in this tough economy that
24 support is critical to our future success to bring even
25 more state-of-the-art technology to our hospital.

1 On behalf of myself and my foundation board, we
2 sincerely thank you, the SSVEC board and employees, for
3 partnering with us to provide these services to our health
4 care community.

5 Thank you.

6 CHMN. MAYES: Thank you.

7 David Grieshod?

8 MR. GRIESHOD: Chairman Mayes and
9 commissioners, my name is David Grieshod. I'm a resident
10 of Sierra Vista and speaking here on my own behalf.

11 No one that attends tonight wishes to have
12 their electricity expenses rise. However, reality
13 requires otherwise.

14 If Sulphur Springs Valley had asked for a rate
15 increase in keeping with the Consumer Price Index, they
16 should be asking for 49 percent. Using a Gross Domestic
17 Product inflator, that increase would still be
18 38 percent.

19 What their rate request of 11 and 3 quarters
20 percent tells me is they have squeezed their costs these
21 past 15 years and garnered higher efficiency and
22 effectiveness in their capital investments, allowing them
23 to limit the rate increase to the percentage they are
24 speaking, while remaining fiscally sound.

25 While this hearing deals with the specific rate

1 increase, there is a correlation.

2 I submit the commission needs to aggressively
3 address energy demand management, which is also your
4 responsibility. As a specific example, the Sierra Vista
5 Building Code requires attic heating and cooling duct work
6 with its R6 insulation to be exposed and suspended
7 14 inches above the bottom chord of a truss. At the same
8 time, city code requires a minimum of R30 insulation at
9 the bottom of that same truss.

10 For many of the duct work to be buried in R-30
11 insulation not only reduces energy costs because of less
12 heat transfer loss during heating and cooling operations,
13 but it also supports the larger issue of total demand and
14 energy management. This is one example of low-hanging
15 energy fruit waiting to be picked.

16 Now, back to the Sulphur Springs.

17 I would be remiss not to mention the very
18 active community support for both public and higher
19 education, health care, and ensuring Fort Huachuca remains
20 viable in these trying economic times.

21 Finally, I believe Sulphur Springs has been the
22 leader within Arizona utilities when it comes to promoting
23 alternative energy. You have laid down a mandate for such
24 production by 2025, and the goal is no small undertaking.
25 Their low interest loans for consumer -- customer energy

1 improvements, as well as their current rebate program for
2 solar PV installation are outstanding.

3 It is my understanding they hope to expand
4 their rebate program for solar hot water installations.
5 Personally, I wish I had known about that plan, when I --
6 and I upgraded such installation late last year. Even so,
7 my financial analysis shows a complete payback within five
8 years.

9 Because Arizona is known for its sunshine, I
10 have taken it one step further and am installing a solar
11 PV system in two weeks, and will capitalize in the SSVEC
12 rebate program, as well as the U.S. Government's new
13 alternative energy tax credits.

14 And you, the ACC, benefit at no cost, as these
15 two installations favorably impact the energy demand
16 transfer and responsibility.

17 Thank you for your attention.

18 CHMN. MAYES: Thank you. And thank you for
19 taking that measure and step, and installing the solar.
20 That's great.

21 Dee Foster, and then Laura Dolak.

22 MS. FOSTER: Good evening. I'm Dee Foster, and
23 I have waited a long time to get up here. And I am happy
24 that you have taken the time to -- to let me have a few
25 words.

1 I live in the older part of Sierra Vista. I
2 don't have a great view and we don't have that spacious
3 nest that Patagonia and Sonoita has. And so I -- I do
4 understand that -- how they feel about their community and
5 their property.

6 But I know that with everybody getting up here
7 to speak, that you're going to be able to find a way that
8 everybody can be happy.

9 I am here because I am a member of many
10 organizations, many nonprofits. And SSVEC has been a
11 tremendous help and a supporter to these organizations --
12 most of them are -- are with children. They are helping
13 the children in our community.

14 For years, they have supported the San Pedro
15 Kiwanis Just Kids Inc., they are the biggest fundraiser.
16 And with that support, I think the stocking stuffer
17 program that this San Pedro Kiwanis Just Kids Inc. does,
18 we have been able to clothe thousands and thousands and
19 thousands of at-risk, needy children in this community, at
20 Christmas time, with new clothes. So that's just one of
21 the things that SSVEC has done for us.

22 I'm also part of the Cochise County Council for
23 CASA, and they have helped us with the donations, with the
24 fundraising arm for the CASA children that are in the
25 foster care programs.

1 SSVEC has also helped the Ms. Sierra Vista
2 scholarship foundation and has helped young women be able
3 to go to college.

4 One of the biggest events in Sierra Vista is
5 the back-to-school fair. And this is put on by CPCA -- of
6 which I'm a member -- and it's the Committee for the
7 Prevention of Child Abuse. And SSVEC is one of the
8 biggest sponsors for this back-to-school program.

9 Also they are a big supporter of cancer relay.
10 And of course, you heard the Boys and Girls Club, how
11 wonderfully they support them. These are children.
12 They're our future. And they have been generously helped
13 by SSVEC.

14 I will speak up for the homeless. They don't
15 forget the homeless and we have many -- the increase is
16 great. And they work with the Good Neighbor Alliance.

17 And as a retired schoolteacher, I can not give
18 them credit for the 20 scholarships with their foundation
19 that they fund every year.

20 Those are just a thing -- a few things that
21 I've touched upon, that they do in the community. They do
22 so much more. And they need to be thanked, and they need
23 to receive the credit for -- for being such a big part of
24 this community.

25 Thank you.

1 CHMN. MAYES: Thank you, very much.

2 Laura Dolak.

3 COM. NEWMAN: Madam chair?

4 CHMN. MAYES: Commissioner Newman?

5 COM. NEWMAN: Yeah. Just a comment that I
6 thank everyone that is coming forward giving us testimony
7 about the charitable contributions. That is actually part
8 of the rate case, in a sense, because one of the things
9 that Staff looks at is the amount of money spent for
10 advertising and charitable contributions, and that does
11 fit into the rate case. So that is relevant testimony.

12 And you --you may be wondering about that, and
13 it is an important function of its reputation. So it is
14 relevant. Thank you.

15 CHMN. MAYES: Thank you, Commissioner. Laura
16 Dolak, and then after Laura, Tricia Gerrodette.

17 MS. DOLAK: Hello, my name is Marge Dolak. I
18 am a supervisor with Parks and Leisure Services, with the
19 city of Sierra Vista, so I am here as their
20 representative.

21 And Commissioner Newman I appreciate your
22 segue, because I am another thank you, Sulphur Springs,
23 for your support.

24 The Sierra Vista Department of Parks and
25 Leisure Services would like to take this opportunity to

1 gratefully acknowledge the assistance of Sulphur Springs
2 Valley Electric Cooperative. Without their community
3 support and sponsorship, several of the programs we offer
4 to the community each year would be eliminated or
5 reduced.

6 They support our annual Easter egg hunt that is
7 open to all the area children, free of charge. We have
8 over a thousand children from all over the county, each
9 year.

10 SSVEC supports our youth basketball program.
11 The participants include children of both civilian and
12 military parents residing in the general Sierra Vista
13 area.

14 They also support the annual children's holiday
15 party each December.

16 And finally, SSVEC supports our annual Sierra
17 Vista games, the longest running Sierra Vista games
18 program in Arizona.

19 All in all, Sulphur Springs Valley Electric
20 Cooperative has proven to be a good neighbor and a good
21 friend to the communities they serve, and we'd like to
22 express our thanks for all the good things they do.

23 On a separate note, just Marge Dolak, the
24 person that lives in Huachuca City, I have been aware of a
25 lot of this going on, obviously as just a person who just

1 got married and is, you know, recovering from college
2 loans and all of those good things, groceries -- milk is
3 four bucks a gallon now. Of course, we don't want to see
4 rates go up, but there's the saying, "things happen."
5 That's just the way it is.

6 I would just like to know that the commission
7 would keep an eye to that. There's -- there's a rate
8 increase and then there's an "are you kidding me"
9 increase. So to know that there's an organization that is
10 keeping an eye to a reasonable increase for reasonable
11 improvements is something that I would not have an issue
12 with. So thank you.

13 CHMN. MAYES: Thank you, very much.

14 Trisha Gerrodette, and then after Trisha,
15 Caroline -- I think it's Street or Straut.

16 MS. GERRODETTE: Good evening, Commissioners.
17 Trisha Gerrodette. I live in Sierra Vista.

18 I am in support, actually, of the rate
19 increase. I recognize that it will cost me, but we have
20 heard that they haven't had a rate increase for 15 years.
21 I think it's probably time.

22 I also support it because I think I'm pretty
23 active in the water field, and I frequently express
24 frustration with not having more control over the cost of
25 water. And there's a general understanding that people

1 pay more attention to their usage of water or electricity
2 when it hits them in their pocketbook.

3 And so I think people will be more frugal and
4 pay more attention to efficiency if their bill is apt to
5 go up. So I think that's a good thing. It might cause us
6 to use less electricity.

7 I would like to bring up an issue about
8 something to consider. And I have no idea where you can
9 go with it, in terms of your powers. And that is that the
10 base rate for the electricity include some minimum amount
11 of electricity.

12 The only thing I can relate it to is my water
13 bill. My water bill has a fixed rate that's absolute
14 minimum. And if I use no water, that's my fixed cost.
15 But for that rate, I get a thousand gallons of water.

16 I'm surprised to learn that there is nothing
17 similar for my electricity -- that for a base rate, I
18 don't have, you know, one watt -- I get something. And
19 then you charge people for their usage above that minimum
20 amount.

21 And the reason I'm promoting that is that I'm
22 hoping, ultimately, the water will move to be priced as a
23 valuable commodity. But you also have to balance that
24 against the people with not so much income.

25 And so that's a way for people who are frugal

1 with their water or their electricity to be able to afford
2 a base amount for necessities. And then those who want to
3 be wasteful among you, you hit them in the pocketbook.

4 So I think that would be an interesting way
5 to -- to balance an increase in cost, with giving people
6 some base amount with that base cost. I don't know if you
7 can do that.

8 And I would like to make some comments about
9 the transmission line.

10 I don't live in Sonoita. But from a big
11 picture point of view, which is really important to me, I
12 want to encourage you -- because I -- I know you've been
13 on this path before -- that we need to get off the path
14 we've been on for a lot of decades, in terms of burning
15 our fossil fuels.

16 And we know that coal is the biggest generator
17 for SSVEC. Coal is pretty darn nasty. It pumps out a lot
18 of CO2, it pumps out toxic mercury. The sooner we can get
19 off that, and the sooner we can reduce that use and go to
20 solar, the better off we're all going to be.

21 So I would like to see my co-op move as
22 forcefully and as rapidly as possible into solar. We know
23 then that that would help solve, I think, some rate
24 increase problems, because once you do that initial cost,
25 your electricity is basically free for a lot of years.

1 And the same issue, I think, then applies to
2 the transmission line. If they will move towards
3 distributed generation -- turn every rooftop into a
4 generating plant -- you will not need an additional line.
5 You will be generating, on site, the electricity you
6 need -- maybe in some places not quite enough, maybe in
7 other places more than they need. And so you feed into
8 the line.

9 This is being done around the world. It's
10 being done in plenty of communities in the United States.
11 Some municipal utilities are choosing to have those solar
12 installations be their own property.

13 I know around here, we've moved into having
14 homeowners install their own, and then they have safety
15 connections, and SSVEC has to worry about all of that.

16 But some large communities, I think Atlanta,
17 the utility is owning every rooftop facility it puts in.
18 It then is responsible for the safety and the
19 maintenance. So you don't -- the homeowner doesn't have
20 to worry about it. The building -- business owner doesn't
21 have to worry about it. Again, once you have done that
22 initial installation cost, free electricity.

23 So in terms of looking at the economics, I
24 think you need to look at the payback time -- don't look
25 at one or two years -- you've got to be looking at five or

1 ten. And then solar is going to look a whole lot better.

2 And as Kris Mayes has said to us in many
3 presentations, we know Arizona is like the solar national
4 capital of the U.S. This is silly not to be doing it.

5 Thank you.

6 CHMN. MAYES: Thank you, Trisha. It's good to
7 see you again. And I agree with you. And that's why, as
8 part of your renewable energy standard, we included the
9 most aggressive distributed generation solar rooftop
10 requirement in the country.

11 So pretty soon, hopefully, we'll be flying in
12 the sky, over Sky Harbor International Airport, where you
13 will see as many solar panels on rooftops, as swimming
14 pools in backyards. Wouldn't that be nice?

15 And that's -- that's going to be part of --
16 that is your renewable energy standard, created by this
17 commission, on your behalf.

18 Again, unfortunately, there's now legislation
19 at the legislature that would essentially eviscerate
20 everything that we've -- we've worked so hard on, and we
21 need to oppose that.

22 Yes. Go ahead, Caroline.

23 MS. STRAUT: Hi, I'm Caroline Straut. And I do
24 not live in Sonoita. I live in Tucson. I moved from
25 Michigan.

1 And when I -- I'll just have to tell you this
2 little thing. I lived in a rural area in Michigan. And
3 when I left there, I say -- I used to say, If you had a
4 blank piece of property, they have a McDonald's on it.

5 And I see this happening HERE if we keep
6 building up. Okay?

7 The reason I bought this property, I bought
8 this property for my daughter and son-in-law for their
9 retirement. And as I stood on that lot and I looked up, I
10 saw this pristine view.

11 And I understand the grasslands, the native
12 grasslands. This is one of the last native grasslands
13 here in Southern Arizona. You know, I would like to
14 maintain that. And this -- this electric line is going to
15 go right down my property.

16 So for my daughter and my son-in-law, I'd like
17 it not to.

18 CHMN. MAYES: Thank you for coming tonight. We
19 appreciate your comments.

20 Sharon Thomas, and then Rob Horsmann.

21 MS. THOMAS: Well, it's nice to know where my
22 high-priced electric bills are going. I live in rural
23 Cochise County, in St. David.

24 My children are my future. If I cannot provide
25 heat for them, they don't have a future. It may be nice

1 to support the businesses and the nonprofits in Sierra
2 Vista, but is it right, at the expense of the rural
3 communities of Cochise County and Santa Cruz County?

4 If -- I'm not surprised that the Superintendent
5 of Education can afford her bills. As a teacher, I cannot
6 afford the 40-plus percent increase that we are all
7 getting every month on our bills.

8 Nobody's talking about the wholesale power and
9 rate adjustment. If we add 12 percent to that, that's
10 52 percent of a rate increase.

11 Now, we did get a letter telling us, last
12 month, that they're going to reduce our bill. Instead of
13 overcharging us like 40-some percent, they're going to
14 only overcharge us by 30-some percent.

15 Most people don't realize that they're not
16 actually reducing our bill. They're just overcharging us
17 10 percent less. That doesn't make any sense to me. And
18 as someone mentioned, they do have a monopoly and that's
19 part of the problem.

20 That doubling the rate has also not been
21 mentioned. SSVEC has re-signed their pact with the devil,
22 AEPCO. It is a dying facility, burning coal, about
23 50 years old. Every day that coal plant gets dirtier and
24 dirtier, and less and less efficient. They have renewed
25 their coal buying. As you guys know, rates for coal are

1 going to double.

2 Double our rates, add 40 percent on top that --
3 oh, and then another 12 just for fun. What do we end up
4 with? 250 percent increase in our rates? It's time for
5 SSVEC to start being long-sighted. We seem to have
6 short-sighted, small-minded leadership.

7 And I want to let everyone know, I just got a
8 letter we're re-electing directors. Very few of us have
9 any involvement in this. We need to get involved. If
10 you're not on a director, maybe you need to be --
11 especially some of you in Sonoita -- because we have very
12 poor leadership.

13 And Mr. Newman and Ms. Kennedy, part of the
14 reasons I voted for you is your strong solar leadership
15 that I expect.

16 And I'm a little torn about the rate increase,
17 because someone mentioned to me just yesterday, Well,
18 that's a good thing, because it'll get us off of -- off of
19 the grid and onto solar. But some of us who would like to
20 do solar can't afford it.

21 And that brings us to the fallacy of the
22 SunWatts Program.

23 Oh, let's pay SSVEC to put solar panels on our
24 roofs, so while we're at work we can make electricity for
25 them, which then they can sell to someone else and charge

1 them for that. Then, when we come home in the evening,
2 we'll have to pay for the electricity that we're using
3 then.

4 There's no net metering to give us back the
5 money that they're making on us. And they're -- we are
6 not allowed to use batteries.

7 When I mentioned batteries to someone at SSVEC
8 and their leadership, when I was talking to them about
9 this horrible rate increase, they said, "Oh, batteries
10 don't work," like I'm that dumb. Batteries work well, and
11 I'm no fool, but maybe SSVEC is full of fools.

12 And SSVEC is a nonprofit. Supposedly, they
13 don't make a lot of money. But in 2007 their revenue was
14 over 35 million dollars.

15 This morning on the House floor, Gabrielle
16 Giffords said, "A strong solar-powered industry creates
17 good jobs and widespread economic growth. It decreases
18 our energy independence and reduces the threat of global
19 warming."

20 I would change that to global climate change,
21 as we know we're not always getting warm, since we got
22 snow yesterday, in the climate change.

23 And also it helps with Homeland Security. We
24 need to get off our addiction. SSVEC taking our money and
25 investing it in Pinal County and natural gas -- that does

1 nothing for us. It increases our bills.

2 I was told natural gas is the reason our bills
3 are so high, so let's invest more in natural gas to make
4 our bills even higher. That does nothing to help Cochise
5 County. Why are they not supporting jobs in Cochise
6 County?

7 We have a facility in Bowie, waiting to be
8 built, waiting to become solar. We've been -- the county
9 has been jerked around by Southwest Power. Why doesn't
10 SSVEC take some leadership and lead us into the solar
11 future?

12 I think that may be about it.

13 Oh, I just want to mention the strength of
14 solar yesterday. When I was snowed in at home, I got to
15 see a science program that said that, "In order to equal
16 the amount of solar power, we would have to have
17 38-million-million Hoover Dams, per person, per day."

18 That -- I talked to a mathematician. He
19 said -- he said it comes out to 38 quadrillion -- I wasn't
20 sure exactly how to write it out in numbers.

21 But we need strong leadership. We don't have
22 that now at SSVEC. We're looking at -- in our county.

23 We're looking for you to help us. Do not give
24 them a rate increase. Get rid of this wholesale rate
25 adjustment, unless they are willing to aggressively start

1 pursuing solar and doing the right thing for the county.

2 Thank you.

3 CHMN. MAYES: Before you go, I just wanted to
4 comment -- two short comments on what you said.

5 First, to net metering, this commission did
6 adopt a very aggressive -- a very progressive net metering
7 policy, in, I believe, October or November of last year.

8 Now, here's what's going on with that. We told
9 all the utilities, including this one, they must adopt net
10 metering.

11 Unfortunately, Attorney General Goddard has not
12 finished his review of our rules. We are waiting for him
13 to finish his certification of our rules. As soon as he
14 does that, we will be able to implement that -- those
15 rules, and this utility will be required to pay you for
16 the power that you generate from solar energy.

17 I agree with you, it's an incredibly important
18 piece of the solar energy puzzle.

19 But -- and to the second point about the
20 adjuster mechanism. I'm -- I'm glad you raised that,
21 because I'm concerned about it too. I've read numerous
22 e-mails complaining that that adjuster mechanism has led
23 to increases of up to 40 percent. And I believe it needs
24 to be investigated as part of this rate case.

25 I will tell you, our Staff has filed testimony

1 in this case -- and I'm reading from it right now -- in
2 which our Staff believes that SSVEC's purchases from
3 third-party suppliers were substantially more expensive
4 than the stock market, as measured by a lot of the
5 balancing power transactors.

6 Basically translated, that means that our Staff
7 believes that the company, for a while, has not been
8 making smart power purchases on the market.

9 And I want to know whether that has translated
10 into these increases in their adjuster mechanism, and
11 whether that's been fair to you.

12 So I promise you those -- that I will ask that
13 question in the rate case, and make sure that your
14 questions you've raised today are answered.

15 MS. THOMAS: Forty-one percent is what it's
16 at.

17 Now, I -- I should mention on this one thing I
18 forgot -- when they add that to our bills, our kilowatt
19 hour goes up to 14 cents. That's way more expensive than
20 solar.

21 We reach parity with solar at 12 cents per
22 kilowatt hour. Let's get off of the natural gas and
23 coal -- the addiction, really -- for lack of a better
24 word. Why would they turn to natural gas? There's no
25 reason for that. It's time for solar now.

1 And this would help with the Sonoita -- the
2 distributed generation. SSVEC is way too narrow-minded
3 and short-sighted. They need distributed generation.
4 They need to work with these communities with their
5 solar. We need to do -- "doing the right thing isn't
6 always easy" -- it says this in the Buena cafeteria -- but
7 it's always right. SSVEC needs to do the right thing, and
8 I hope you will too.

9 (Applause.)

10 CHMN. MAYES: Thank you.

11 I appreciate your knowledge of solar energy.
12 And you're right, you're absolutely right about the cost
13 of solar at this point. And believe it or not, the -- the
14 cost of solar -- most experts believe that solar will come
15 into parity, the traditional generation, by the year
16 2012.

17 COM. NEWMAN: Madam chair?

18 CHMN. MAYES: Commissioner Newman?

19 COM. NEWMAN: I also want to thank Ms. Thomas
20 for her testimony. She is very knowledgeable, and it is
21 interesting to bring up the wholesale rate, because that's
22 a very important part of this rate increase case, as the
23 chair pointed out.

24 And to be honest with you, I don't think a lot
25 of people realize that the commission does not review

1 the -- those rates, per se. It's -- it's what's known as
2 a passthrough cost. And it was actually a big election
3 issue, when we were going around last year and talked
4 about in a lot of audiences.

5 But I actually didn't even realize it myself,
6 until I started running for this office. So I can
7 remember reviewing that, as well.

8 And the other problem in the passthrough, when
9 it comes to natural gas, is that natural gas prices have
10 been doubling every couple of years. So that -- that
11 is -- is a horrendous problem for the average consumer.
12 And you know, it is something that I plan to look at as a
13 new commissioner.

14 And then also with regard to -- I just --
15 rejoining this -- this is the rejoinder part -- I had a
16 meeting with Attorney General Goddard yesterday. I
17 actually sent a message from -- from the chair about the
18 review of -- of net metering, and he's on it. It --
19 the -- there was a slight delay in his office. But he's
20 on it, for sure, as of yesterday.

21 So that's a way of answering the chair, and
22 also informing the public that it's a very rigorous review
23 that the attorney general has to do regarding net
24 metering.

25 We have to have the constitution of power to do

1 it, and he has to write a legal opinion regarding that.

2 So it's -- it's difficult for him, but he's on
3 it as of yesterday, for sure.

4 Thank you.

5 CHMN. MAYES: Thank you, Commissioner Newman.

6 Rob Horsmann? Rob, and then after Rob, we've
7 got -- oh, boy -- Mildred Cole.

8 MR. HORSMANN: I had to get that up to you, so
9 it'll make -- make sense.

10 My name is Rob Horsmann. I'm representing the
11 Cienega Watershed Partnership. And our mission is to
12 protect and enhance the Cienega Watershed, which is north
13 of Sonoita, as well as the connectivity corridors.

14 Connectivity corridors -- what does that mean?

15 The first page on the -- the maps that I sent
16 out is a concept map developed by Jeff Williamson,
17 Director of the Phoenix Zoo, and myself. And it's not a
18 concept that is alien to other agencies throughout this
19 state. This just happens to be one that we came up with.

20 You'll notice that on it, that it shows Pima
21 County, Cochise County, Fort Huachuca -- so you get an
22 idea of what we're looking at.

23 The region -- this is the most biologically
24 diverse area in the United States -- if not the world.

25 We've got a Ph.D. sitting back here that can tell me

1 whether I'm full of baloney or not. But I don't believe
2 so.

3 The reason for that tremendous diversity are
4 corridors -- wildlife corridors that we don't have to
5 make, they already are in place. We just have to make
6 sure that they are protected.

7 We've got ones going from the San Pedro NCA.
8 There's two of them that go over into the La Cienega's
9 NCA, and one goes south into Mexico. The broad range of
10 our -- the ecosystems basically starts, you know, way down
11 in the Sierra Madre, about 140 miles south. And it's one
12 of the gorilla species they've been tracking there -- or
13 jaguars -- people like big, furry, spotted critters -- and
14 this is just one of them.

15 I want to leave that for -- at this point. I
16 want to forget about the furry, finned, and feathered
17 critters that all of this corridor stuff has -- has -- is
18 dealing with.

19 What I want to talk to you -- to you about is
20 survival -- not of them, of us -- bipeds. Part of that
21 survival -- and people have -- have touched on it -- has
22 to do with water.

23 What are we going to do about water? In July
24 of 2007, combined effort of the -- the nature conservancy,
25 the federal government, and the Babacomari Ranch -- they

1 culminated in, I think it's 10,041 acres -- actually, it's
2 1,410 -- I'm sorry -- in a conservation easement.

3 What "conservation easements" mean is they are
4 not longer viable for development. They can remain as
5 they are -- cattle ranches, research ranches -- and we can
6 retain all of that.

7 The reason was not for the biological
8 diversity. The reason was to protect the main tributary
9 to the San Pedro River, which is also -- I mean -- thank
10 you -- the Babacomari River is the main tributary to the
11 San Pedro River. And its tributaries are the -- the main
12 focus that fills the Upper San Pedro Aquifer.

13 And we're not painting the SSVEC as the bad
14 guys. They do wonderful stuff.

15 I think that Debra White and Rhonda Roscoe have
16 done an incredible job. I'm not leaving you out, Jack --
17 you need to give them a raise.

18 But this is what we're talking about -- and I'm
19 going to give you some quotes. "Channel aquifer, and the
20 White and the Babacomari River and tributaries are the
21 most important contributor to the Upper San Pedro Aquifer
22 Nature Conservancy. These are critical to the Upper San
23 Pedro Aquifer."

24 And that was April -- that was from the Cochise
25 County Planning and Zoning. Mr. Newman knows -- knows all

1 about that.

2 So it's -- it's not about the people up in
3 Sonoita whining about their views. You know, that may be
4 what some of them are talking about. You know, that is a
5 valuable resource. All the biodiversity is a very
6 valuable resource. Water, we cannot do without.

7 If you'll flip to that -- that next map, it's a
8 piece out of the Coronado Natural Forest Map, Nogales
9 District. And I put some numbers along the bottom of
10 the -- of the route.

11 Before I talk to the numbers -- and it's just
12 a -- I want to emphasize that Sierra Vista is obviously
13 growing, and there are folks here in Sierra Vista that
14 have, you know, reaffirmed that. Well, alls you have to
15 do is get right up on our mountains and look down and you
16 can see it.

17 And part of -- you know, part of this whole
18 structure on, you know, trying to limit the, you know, the
19 subsurface water extraction, it's what's keeping the
20 San Pedro alive; that's what keeping multiple areas --
21 multiple aquifers in this area alive.

22 Multiple aquifers translate to we can't live if
23 we don't have water.

24 Number 1 is the -- the confluence of Blacktail
25 Wash, Waterhouse Wash, and other washes that come off the

1 northern end of -- of the Huachucas. You'll also notice
2 that -- if you can read through there -- that's section --
3 the lower half of Section 2, counterrange -- and if you
4 can figure it out yourself -- but that's the side of the
5 Babacomari Village.

6 CHMN. MAYES: Rob, I -- I don't mean to rush
7 you, but could you just cut to the chase?

8 MR. HORSMANN: Yeah. I'm getting there.

9 CHMN. MAYES: Okay.

10 MR. HORSMANN: I'm cutting to the chase right
11 this second.

12 CHMN. MAYES: Okay.

13 MR. HORSMANN: Number 2 is Lyle Canyon, another
14 major tributary.

15 Number 3 is O'Donnell Canyon. That's the site
16 of where there's a huge riparian area on both sides of the
17 fence, the research ranch, and -- and the Babacomari
18 Ranch.

19 There's other people that will be able to talk
20 to that tonight.

21 The riparian area, when I walked through it
22 about several months ago, the grasses were so far over my
23 head that I couldn't reach the top of them. And I waded
24 through knee-deep water. The riparian area -- this is
25 part of the research of the aquifer.

1 Number 4 is Babacomari Canyon, another --
2 another major one.

3 Number 5 is the part of the head waters of
4 Cienega. As you notice, the yellow line crosses all of
5 them. That's the planned line.

6 Is this really the cheapest route? If you look
7 at that -- that line, you're going across roadless
8 country. I've been out in that country. It's really
9 rough. Is it cheaper to go there or along the road?

10 Thanks.

11 CHMN. MAYES: Thank you, very much. I
12 appreciate the presentation.

13 COM. NEWMAN: And thank you for the map.

14 CHMN. MAYES: Yeah. Mildred Cole, and then
15 Dennis Maruska.

16 MS. COLE: I want to thank you for hearing our
17 concerns this evening.

18 I live in Sonoita. And several times this
19 evening I have heard you refer to the group. I am not a
20 member of a group. Many Sonoita residents are not
21 represented by any particular group -- any organized
22 group.

23 The Sonoita Reliability Project has been
24 electrifying our community for several months now. As a
25 community, we do not agree on whether SSVEC needs to

1 expand our power supply, what form it should take, how
2 soon it is needed, or what route should we use. I don't
3 think we will ever agree on the various issues involved
4 with this project.

5 It is apparent that no one wants the line in
6 their background. We would all prefer that none of our
7 residential areas be impacted. And as co-op members, we
8 are definitely concerned about the overall cost.

9 Personally, I feel that we do need a better
10 electrical supply, due to the frequent power bumps and
11 outages that we experience, and knowing that this is just
12 going to continue.

13 My husband and I were aware of Sulphur Springs'
14 plans for expansion in Sonoita. We saw the clearly marked
15 SSVEC substation site. We knew where the easements had
16 been obtained for a new line, and we chose not to purchase
17 property in that area.

18 This expansion on a route that's been selected
19 for the power line is not a surprise, as it has been
20 discussed since we moved there in the early '90s.

21 I don't have the technical knowledge needed to
22 address the many issues involved. But I place my trust
23 and confidence in Sulphur Springs Valley Electric
24 Cooperative, and in you folks, to evaluate the needs, to
25 determine the best plan for meeting those needs, and to do

1 so in the most economical way, with the least amount of
2 impact on the environment and on our community at large.

3 I have contacted SSVEC on many occasions
4 regarding this matter. And every contact I've had with
5 their personnel has been cordial and respectful. And I
6 thank them for that, because it has given me the
7 opportunity to share my concerns with them and with their
8 board.

9 And I thank you for your time tonight and for
10 hearing us.

11 CHMN. MAYES: Thank you, very much.

12 Dennis Maruska, and then Marty Magruder.

13 MR. MARUSKA: Yes. My name is Dennis Maruska.

14 And I run the Morale, Welfare & Recreation program on the
15 Fort. And I'm here to acknowledge the support of academia
16 from the cooperative in providing a lot of the programs
17 that we provide to the Fort Huachuca community.

18 And I'd also like to point out that the
19 programs that they assist us in supporting are not only
20 free of charge and available to the Fort Huachuca
21 community, but really to Cochise County, all the members
22 of the Sierra Vista community. And -- and we do
23 appreciate that support.

24 Thank you.

25 CHMN. MAYES: Thank you.

1 Mr. Magruder, and then after Marshall is
2 Quentin Lewton.

3 MR. MAGRUDER: Good evening, chairman,
4 commissioners -- and for Commissioner Newman and
5 Commissioner Kennedy, we don't have any horses here
6 tonight. We left them all back in Sonoita.

7 And you can tell your colleagues about that
8 some other time.

9 My name is Marshall Magruder, and I'm a
10 member -- I live in Tubac, Arizona. And I'm a member of
11 the Joint Santa Cruz County, City of Nogales, Energy
12 Commission since 2001.

13 The issue today concerns the SSVEC project --
14 at the end of the line -- at the end of the line, where
15 the power is the worst, and in some places 180 hours of
16 outage per year.

17 This is not a city. This is a rural
18 community.

19 But we're -- we're here to discuss a project
20 that does not have any regulatory oversight. The
21 69 kilovolts -- kilovolts of subtransmission line that
22 falls below the threshold of the line siting committee.

23 Our county also has no jurisdiction over this
24 line. Using the first law of siting transmission lines --
25 that is to use existing resources before others -- would

1 lead to the natural assumption that Alternative 1 -- and I
2 believe you've seen the point paper that has four
3 alternatives on it -- following the green line or green
4 route on the map just handed out by Mr. Horsmann a minute
5 ago.

6 The green route would be by replacing poles.
7 The company has not shown any desire to pursue
8 Alternative 1. It's the natural solution. It's the --
9 it's much cheaper to do that.

10 In fact, their solution is the most expensive,
11 that will raise more people's rates than the other four
12 that have been proposed.

13 Replacing existing poles or re-conductoring or
14 upgrading is a common industry practice, used throughout
15 the nation. It's less expensive, has less environmental
16 impacts. In fact, just double circuiting the existing
17 line would meet all of the objectives in this company's
18 program, without another 69 kV line.

19 The company is hell-bent on Alternative 2, the
20 yellow route in the map that you've seen, that trespasses
21 one of the few remaining impact -- intact land grants in
22 Arizona, still under Spanish law, according to the Gadsden
23 Purchase. This route violates the second law of
24 transmission siting -- that is not to create new easements
25 on undisturbed lands, unless absolutely necessary.

1 You've heard the impacts on archaeological
2 sites. And unfortunately, Dr. Linda Kennedy -- I haven't
3 seen her tonight -- she manages the research ranch that is
4 having its research of 40 years being destroyed by its
5 this line -- some of the research --

6 CHMN. MAYES: We have a letter from her,
7 Mr. Magruder.

8 MR. MAGRUDER: Okay, okay. But she's very
9 important.

10 And in fact, I -- I think it's an ecological
11 sand dune across the -- at the cyclo -- the creek that
12 crosses that part with the land grant.

13 The company -- the company says no other
14 options are on the table. In other words, shut up.
15 That's not very cooperative.

16 Option 3 or Alternative 3 is a fully viable
17 interconnection with the Southwest Transmission Coop's
18 115 line. It crosses about eight miles east of Sonoita.

19 Put in a substation, tap it off, and run a
20 69 kV line to Sonoita -- if that's what you want to do.
21 It's less -- less than half the distance. That's
22 definitely cheaper.

23 That solves the problem for the 69 line -- kV
24 lines. It's superior to their alternative. The company
25 will not consider this alternative.

1 Alternative 4 is similar to 3, but uses a
2 second transmission line that crosses State Route 83,
3 which is a 46 kilovolt line from TEP. It's only 3 miles
4 east of Sonoita. Tap it, you get 20 megawatts. That's
5 over twice the present demand, three miles away from
6 downtown Sonoita -- again, definitely cheaper.

7 In addition to these, there are two other ways
8 to enhance the load reliability found in Patagonia,
9 Sonoita, and also in San Rafael Valley. Those
10 alternatives -- Alternative A would use this 46 kilovolt
11 line as a backup circuit. There is a problem with that
12 46 kilovolt line because of the two county rule, and TEP
13 would have to solve that -- but not for backup.

14 We have a backup line from TEP's 46 kilovolt
15 line, going from Pima County to Santa Cruz County. So
16 that has been done before.

17 Alternative B is a little special situation.
18 It involves Patagonia, a community of a thousand, a very
19 stable community. And they do like candlelights at night
20 and it is romantic, but they don't want to have to do that
21 every night. And -- and eventually, it becomes a problem
22 in the companies that are trying to make money running
23 restaurants and things like that, when they lose their
24 power.

25 The option there -- here's -- here's the

1 community of Patagonia. North of it, at a point, put a
2 switch. At the south of it, go one mile to the U.S.
3 Electric's power line and put a transformer that could be
4 opened and closed between the two. And then further south
5 along State Road 83, another switch.

6 So what you would do is cut off a part of --
7 let's say you lost the load up in SSVEC -- they lost
8 power. Open the switch that runs to Patagonia and then
9 close the switch south of Patagonia. Use a different
10 power company to furnish your power. When you've got the
11 outage corrected, reopen the switches to get back to
12 normal.

13 And also it works if San Rafael Valley loses
14 power. Then it works in the opposite direction. It uses
15 SSVEC power until the outage is served. These switches
16 can be automated through status systems and remotely
17 operated. Obviously, it takes a little agreement between
18 two companies. This isn't done real fast.

19 But the other solution -- there -- there've
20 been no technical cost differences to compare these four
21 alternatives. No reliability improvement analysis has
22 been performed. No cost comparisons made. No
23 environmental assessments conducted.

24 The 69 line -- kV line will require a whole
25 bunch more additional work in the Sonoita area to put in

1 the loops, because that line is going to pass half the
2 people. Then they have to run lines back to the
3 substation, because there's no lines to the substation
4 now, because there's no substation. So all of that wiring
5 will have to be done.

6 Well, in Santa Cruz County, our comprehensive
7 plan says, All lines -- all the distribution lines are
8 underground. So that issue has already been solved
9 because it's a county policy.

10 In conclusion, the county has had no recording
11 of any of these easements. The company says they're
12 private. Easements are not private. They're public
13 because they're needed for safety, for fire, for routing
14 other things around them. They're put on your deed. They
15 affect the price and value of your land. So easements, as
16 the company says, are not private.

17 In conclusion, the company's action impair --
18 improvement -- not public interest, and dictatorial in
19 nature -- not as cooperative actions with its public, but
20 Neanderthorian, self-motivating mandates by a company and
21 a CEO and president, totally out of touch with this group
22 of cooperative members.

23 This company is not performing as a cooperative
24 in this area, but is led by a few who control -- not me --
25 without cooperating with its members.

1 This is truly a sad situation. At least it's
2 reflected in this portion of the service area.

3 Recommendations, one, that the company pause
4 its 69 kV subtransmission line program, while an
5 independent review of the alternatives, the two backups I
6 mentioned, and the renewable energy option are explored
7 and fully assessed in such a way to avoid continuing
8 destruction on the more expensive 69 kV project.

9 Two, that legislation be introduced soon to
10 permit subtransmission, for example, 35 to 114 kV lines
11 and power plants between, for example, 45 and
12 99 megawatts, to be sited by counties, based on ACC and
13 Arizona Power Plant and Transmission Line Siting Committee
14 Guidelines, similar to the way they're done in larger
15 systems, because right now the counties have no control.

16 I -- I have a second short letter I'd like to
17 read from the people in San Rafael Valley. And basically,
18 what's it's a -- I've got a copy and I'll give you the
19 copy.

20 CHMN. MAYES: Mr. Magruder, we've got the
21 letter.

22 MR. MAGRUDER: Okay.

23 CHMN. MAYES: We've got the letter.

24 MR. MAGRUDER: Okay.

25 CHMN. MAYES: I don't think it's necessary to

1 read it in the record.

2 MR. MAGRUDER: Okay.

3 CHMN. MAYES: It'll be made part of the
4 record.

5 MR. MAGRUDER: Okay.

6 CHMN. MAYES: I appreciate, as always, your
7 comments and your expertise.

8 MR. MAGRUDER: Okay.

9 CHMN. MAYES: And I will take the opportunity
10 the read all of them.

11 MR. MAGRUDER: Okay. I just wanted to say the
12 people in San Rafael Valley are supportive of working with
13 this other company to make their problems go away.

14 CHMN. MAYES: Thank you. I appreciate it.

15 COM. NEWMAN: Madam Chair, just one question
16 for Mr. Magruder. I promise it to be a short one.

17 One of the e-mails that came to us, in
18 preparation for the meeting -- and I saw Supervisor
19 Maynard in the room earlier, and I think he's gone -- he
20 was here for a short while -- I was going to bring him
21 up.

22 But you seem like the best person to ask on
23 this issue. In regard the Santa Cruz County Compressive
24 Plan -- and although it's true, we don't have jurisdiction
25 over this issue, as a -- just as you should know, that if

1 they're going to spend money on this line, it's undue
2 money, not -- not well spent, that -- that becomes part of
3 the rate case.

4 And so we -- that have a legal opinion from
5 our -- from our lawyers saying that that's -- we can talk
6 about this in regards to how it all goes into the rates.

7 So -- so this is important. And to know what
8 the local authority on it -- of course, I'm a former
9 county supervisor, so I want to know.

10 The e-mail regarded the Santa Cruz County
11 Comprehensive Plan -- and you mentioned it in your
12 remarks.

13 Is it in the plan that the Santa Cruz County
14 lines like this should be underground? Or is that a
15 recommendation? Is that -- what -- what is that about?

16 I was going to ask Mr. Maynard to come to
17 describe it, but he is not --

18 MR. MAGRUDER: I believe it's Policy 9.3, if I
19 remember the number. And the policy, to the best of my
20 recollection, says something that distributed lines will
21 be placed underground. It -- it also talks about,
22 someplace, about -- and new subdivisions.

23 Well, a new line is a new line. And I don't
24 really think the new subdivisions would pertain and make
25 it so that you don't have to put new lines, and old

1 subdivisions don't have to be grounded. But I think
2 underground, all of them do --

3 COM. NEWMAN: So it's your interpretation that
4 all lines, whether -- this is not for smart growth
5 reasons -- this is a -- this is a old line -- is it
6 your --

7 MR. MAGRUDER: Oh, I'm not saying that line.
8 That -- that line, the 23 kV line that comes in is -- is
9 an exception. I'm really thinking that point is mostly
10 important for the lines that have to come from the new
11 substation to makes the loops.

12 COM. NEWMAN: Okay.

13 MR. MAGRUDER: And so that the -- and if they
14 have to put other lines in, that are distribution lines,
15 then the policy is they should be underground.

16 COM. NEWMAN: And just one other question, this
17 is very important, the issue you bring up about the TEP
18 line.

19 There is a two-county rule. I talked to our
20 engineer about it earlier today. And he seemed, when I
21 talked to him, almost like a fait accompli because of this
22 two-county rule, which must have something to do with the
23 bonding that -- that SSVEC can carry -- can share.

24 It seems to be pretty archaic. But that seems
25 to be --

1 MR. MAGRUDER: Now, let me -- let me explain
2 how we got around that in Santa Cruz County.

3 COM. NEWMAN: Okay.

4 MR. MAGRUDER: TEP is -- is a county -- is in
5 Pima County. Santa Cruz County is in Santa Cruz County.
6 TEP is the electric company in Pima County; UNS Electric
7 Company is the electric company in -- in Santa Cruz
8 County.

9 TEP cannot ship electricity on a transmission
10 line to UNS Electric. However, there's a 46 kV line, a
11 substation, a mile above the county line; and there's a
12 UNS Electric substation about a mile below the line. And
13 as I've said -- tried to say, an emergency backup.

14 In backup, we lose the line to the power in
15 Santa Cruz County. It opens the switch to the rest of the
16 line going to the rest of the county, and makes us a
17 little island, and then they give us power from TEP. When
18 that outage problem is over, we go back to the normal
19 condition.

20 And that has been deemed to be appropriate for
21 TEP -- that's the legal minds.

22 COM. NEWMAN: Well, that is a very interesting
23 point, and I thank you for --

24 MR. MAGRUDER: That's Option B on the backup
25 Option B.

1 COM. NEWMAN: Thank you.

2 MR. MAGRUDER: Thank you.

3 CHMN. MAYES: Thank you, Mr. Magruder.

4 Quentin Lewton, and then Sue Downing.

5 MR. LEWTON: Well, Marshall Magruder made many
6 statements that I was going to make, but much more
7 authoritatively.

8 I'll just focus on a couple of issues. One is
9 that we'd like to be treated as Sierra Vista is treated by
10 SSVEC. We are not. There is no reason that one community
11 should be so well-respected, and you turn around and
12 impair another community. This isn't acceptable.

13 Marshall Magruder has just made categorical
14 points of alternatives. And the one alternative that --
15 that hasn't been raised, I don't believe, is my wife and
16 I, in our home, well, we have been, over the past nine
17 months, changing out -- as the incandescent light bulbs
18 burn out, we put in the CFCs.

19 It took nothing to get used to the additional
20 dimming and bringing up. We're over that hump. I would
21 say that 50 percent of our light bulbs have been changed
22 out.

23 We also installed a -- a solar system for hot
24 water, and an -- an electric meter to turn the power off,
25 at night, to the hot water heater, and so --

1 But it would seem that we could reduce the
2 amount of electricity. SSVEC could, as a cooperative,
3 could encourage and provide materials to reduce the amount
4 of electricity that we consume as a neighborhood, as a
5 community.

6 And I don't live -- we don't live in the area
7 where this line is -- is going to go through. And I've
8 been a proponent of burying that section.

9 Yes, it will raise -- it will be more
10 expensive, something like four times that of an overhead
11 line, but there's a cost of taking -- a cost of property
12 values to those property owners, and I don't think that's
13 particularly fair.

14 And with the behavior that we've watched with
15 the -- with the cooperative treating these people, we
16 wonder what will happen when it come -- becomes our turn,
17 you know, if they decide to -- to run a line through.

18 And we do enjoy the -- the resource of the
19 people coming to the area -- not to look at power lines,
20 but to look at the grasslands and the mountains.

21 Sierra Vista grows differently than Sonoita.
22 We have different resource bases, if you will. And if you
23 go into the new -- in the night, you can see the
24 difference in the Sierra Vista area of consumption of
25 electricity versus Sonoita, and it's entirely different.

1 So we need to be receptive and accept these -- these
2 differences of -- of lifestyle.

3 The last point I want to make is that we have
4 had members of the Sierra Vista community talking about
5 what SSVEC has done for them. And if the rate -- if this
6 line isn't allowed to go through the way they want it,
7 that rates will go up -- that's just a paraphrase.

8 In fact, what we're talking about here is
9 keeping control. None of us like higher rates. It's
10 keeping control of these rates and these alternatives, as
11 have been described by Marshall, that have not been looked
12 at.

13 As a matter of fact, when -- when SSVEC was
14 asked about whether the outages are caused by the
15 distribution system or by the transmission system, they
16 didn't know.

17 Now, we need -- we may end up fixing the wrong
18 part of the system. And we need to really -- SSVEC really
19 needs to come back to the table and be more forthcoming,
20 more -- more candid with the public, so that we can solve
21 the problem they say is here, and be done with it in the
22 most reasonable fashion.

23 Thank you.

24 CHMN. MAYES: Thank you, very much.

25 Sue Downing, and then Annie McGreevy.

1 MS. DOWNING: I'll be brief, because I think
2 you've heard most of the arguments.

3 I'm from Elgin. I've been a co-op member for
4 the last 25 years, and I've lived in Sonoita and Elgin.

5 And I was on the original committee that
6 Sulphur Springs put together in 1991, and that was to meet
7 with the community and try to determine what routes would
8 be best to upgrade our power.

9 And Sulphur Springs was a very different
10 company at that time. Management was different, and all
11 the goods things that people said, that were from Sierra
12 Vista, about Sulphur Springs -- that's what I saw in those
13 days.

14 However, recently, everything that you were
15 told tonight is very true. We've had difficulty, as a
16 community, getting along with Sulphur Springs. We've not
17 gotten our questions answered. I think there's been a lot
18 of issues that they've hidden from us. And this does
19 affect a rate increase for the co-op members.

20 They also promised us loop service in 1991 --
21 and I have the minutes from those meetings, and Sulphur
22 Springs has them also. When we met with them in the last
23 year, Sulphur Springs, they denied ever promising us loop
24 service.

25 They called the project a reliability

1 project -- however, there's nothing reliable about it.

2 It's not going to give us any better service.

3 The area down towards Patagonia, the line that
4 goes down there, there are no plans to upgrade that to
5 Sonoita. There's a substation they plan on putting in to
6 Patagonia, and people down there have a lot of outages, so
7 that needs to be considered also.

8 Sulphur Springs, to me, seems rather backward,
9 as far as they're looking to the future. We'd like, as a
10 community, to see them put in renewable energy options.
11 We'd like them to stop the project that they're doing
12 right now for the 69 K, and come back and do a feasibility
13 study on what options we have out there, as far as
14 renewable energy. Our community is very supportive of
15 that, and of course, our nation is very supportive of it.

16 I think they're investing our co-op dollars in
17 technologies that are like dinosaurs. We can't keep
18 depending on fossil resources that are either going to be
19 highly priced or no longer available.

20 And so, as a community, we'd like to be one of
21 the first communities to be involved in renewable energy
22 projects, and we think that would also solve our problems,
23 as far as the 69 kV line.

24 CHMN. MAYES: Thank you, very much.

25 Annie McGreevy, and then Telly Stanger.

1 MS. McGREEVY: Hi, I'm Annie McGreevy from
2 Sonoita. And I really appreciate you all coming down.

3 I live in an area that is not affected by this
4 proposed power line. I've been told by an electrical
5 contractor, as well as Marshall, that they can re-conduct
6 it -- the current line from -- so that would avoid all of
7 this damage to -- and expense to build an entirely new
8 route.

9 I know we all would rather be getting
10 alternative energy and saving money, and the resources
11 that are required now.

12 But if they've got to put in a line, let's put
13 it along the current line, and just double that. And
14 they've got a loop that way, and yeah, they are not doing
15 anything to increase the -- between Sonoita and
16 Patagonia.

17 I'm told that raptors are the cause of most of
18 the outages -- or at least birds interfering with the
19 transmission. And that's not something that's going to be
20 fixed by a powerful new kV line.

21 Thanks.

22 CHMN. MAYES: Thank you, very much.

23 Telly -- is it Stanger?

24 MR. STANGER: Stanger.

25 CHMN. MAYES: Stanger. Sorry.

1 MR. STANGER: Thank you. My name is Telly
2 Stanger. I'm here on behalf of Mr. Tedd Haas. I'm going
3 to read just a few words from him.

4 My name is Tedd Haas. I'm an irrigator in the
5 Willcox area. Due to personal circumstances, I am unable
6 to attend this public meeting tonight.

7 My family has several hundred acres of
8 irrigated farmland and we depend on SSVEC to provide us
9 with reliable, affordable electricity to run our
10 business. I believe that SSVEC is well managed, and has
11 the needs and the best interests of their customers in
12 mind.

13 They have always looked out for our needs with
14 friendly customer service and quick response time. They
15 take the time to listen to our needs and help us
16 understand our rates.

17 CHMN. MAYES: Telly, can you slow down? The
18 court reporter is having some trouble.

19 MR. STANGER: Do you want me to start over?

20 They take the time to listen to our needs and
21 help us understand our rates, and which ones work the best
22 for us. I believe that with the current economic times
23 and the complexity of the energy issues in this country,
24 we are still getting a bargain when we purchase
25 electricity.

1 I support SSVEC and believe that they will
2 continue to do all in their power to maintain reliable
3 electricity.

4 CHMN. MAYES: Thank you, very much, for reading
5 that.

6 Kathy Smith?

7 MS. SMITH: Good evening. And thank you for
8 allowing me to speak tonight.

9 My name is Kathy Smith. And I'm the executive
10 director of the Willcox Chamber of Commerce and
11 Agriculture. And I'm here tonight to speak on behalf of
12 the chamber and our members in the Willcox area.

13 Like businesses and households around the
14 country, we are keeping our eye on all of our costs, and
15 we are closely considering the value of every dollar we
16 spend. Electric service is no exception.

17 I want to acknowledge the value of a particular
18 service that SSVEC offers our members, in addition -- in
19 addition to supplying electricity. The service is energy
20 expertise.

21 SSVEC provides, at no charge, an energy
22 consultant for businesses large and small -- industries,
23 schools and hospitals, ranchers, and our irrigators.
24 Working with facilities managers or business owners, they
25 analyze energy usage, determine whether a business or

1 agriculture account is taking advantage of the best rate,
2 when a rate option is available. They conduct energy
3 audits of facilities and make referrals to other
4 specialists in the field of electric and sometimes gas
5 energy.

6 This is a very huge benefit for our members,
7 our businesses, in the Willcox area.

8 I understand that one of the areas the
9 commission is concerned with is energy management or
10 demand site management.

11 SSVEC currently has an effective and valuable
12 program, and professional, competent employees, and
13 provides a service, with no cost to the cooperative
14 member.

15 I hope you can encourage SSVEC to continue this
16 program that provides added value to the energy bills that
17 our -- our business members pay every month.

18 Thank you.

19 CHMN. MAYES: Thank you, very much for coming.

20 And did I -- did I miss anyone? Did I miss
21 anyone who wanted to make a public comment, before I --

22 Ma'am, come on -- come on forward and state
23 your name. And if you haven't filled out a slip -- or
24 maybe you did and I missed it -- I'll go through and look
25 for it.

1 MS. ALLEN: My name is Liz Allen. And I also
2 live in the Sonoita area, and my property is directly
3 affected by the line, but that's not why I'm here speaking
4 today.

5 I'm also a member of this cooperative. And
6 they have failed to prove to me that this is a long-term,
7 viable, financial project that meets the needs of all
8 cooperative members and provides a service.

9 They've also failed to prove to me that they
10 picked the best route for that service, with the least
11 amount of impact to the community or to the environment.
12 And they paint, in very broad brush strokes, about what
13 the costs are and why this is the most economical solution
14 to this issue.

15 And I am not an electrical engineer. I don't
16 know anything about electricity. But I have yet to see
17 any hard numbers on any of the proposals. We've asked for
18 things in writing; we have not received things in
19 writing.

20 I feel like they are strong-arming me. We were
21 at a community meeting, and somebody brought up, "Well,
22 what if I don't give you the rights to this 15-foot
23 easement that they want?"

24 And they said, "Well, we could still do it on
25 the 10-foot easement that we have. But there would just

1 be more poles."

2 Now, to me, that's a veiled threat. That's
3 saying, "Well, if you don't give me this 15 feet, I'm
4 going to do it anyway, but you're just going to have more
5 poles."

6 So I don't feel that they dealt with the
7 community fairly. And I -- I'm not happy as a co-op
8 member.

9 Thank you. Thank you for coming.

10 CHMN. MAYES: Thank you for coming and offering
11 your input.

12 COM. NEWMAN: Madam Chair?

13 CHMN. MAYES: Commissioner Newman.

14 COM. NEWMAN: It's not uncommon to hear those
15 comments, which I found very emotion-provoking.

16 But I -- I think it's a little bit
17 interesting -- and I don't know if we have extended the
18 invitation or not -- but there are representatives from
19 the company here.

20 CHMN. MAYES: I was about to get to that.

21 COM. NEWMAN: And I guess they're invoking
22 their rights to -- their constitutional rights to be
23 silent, but I certainly would like them to make a
24 statement, if they would like to.

25 CHMN. MAYES: Yeah. Commissioner Newman,

1 they -- they have actually put in slips. I was about to
2 get to that next, but I just wanted to make sure that we
3 had everybody else covered before we give them a chance
4 to --

5 COM. NEWMAN: I -- I was rather astounded that
6 they hadn't been up yet. But thank you.

7 CHMN. MAYES: Okay. Yeah. They -- they did
8 offer to speak, and to come and answer questions from the
9 commissioners, and perhaps answer some of the questions
10 that have been put forward.

11 So Mr. Blair or Ms. White, you both signed up
12 to speak, so whoever wants to -- to speak, please come
13 forward.

14 MR. BLAIR: Thank you for coming down here.

15 It's not too often that the Commission comes
16 down here. In the 10 years I've lived here, I think this
17 is the first time that I've seen all five commissioners
18 come down here at the same time. So thank you.

19 CHMN. MAYES: Well, you just haven't been here
20 for the many water cases.

21 MR. BLAIR: No. I've attended the water
22 meetings.

23 CHMN. MAYES: Okay. Well, we've had five
24 there, too, Jack. So we've had -- we've all been here,
25 many times, for -- for these meetings. But thank you.

1 MR. BLAIR: Just a couple of points about this
2 line -- and you've heard a lot of things, good and bad,
3 about us today.

4 But, basically, this is a line that runs from
5 Huachuca City, all the way down to Patagonia. There's
6 about 330-some miles, total, of line. And to give you an
7 idea, that would be the same as driving from Sonoita all
8 the way to Flagstaff.

9 It's a radial line, which means there's one
10 line going in. And unfortunately, anything that happens,
11 particularly on the main feeders, affects everybody.

12 There has been some conversation about this.
13 But we literally bought these easements. And the way that
14 we run our business is we want to buy our easements well
15 in advance of ever needing them; well in advance of
16 property being developed, so that they are recorded so
17 that people know that there is going to be an easement
18 there when they purchase property. And that's what we did
19 in this case.

20 We have actually been looking at a number --
21 for a number of years at having to build on this line.

22 And to give you an idea, the -- the maximum
23 capacity of this line is 7 megawatts. We have actually
24 exceeded it in December in 7.5 megawatts.

25 So one of the questions is, Why would we do

1 this at the last minute?

2 We don't believe it's prudent to spend money
3 before we have to. We don't believe in building it and
4 hoping people will come. We believe in getting the
5 easements as far in advance as we can, and then when we
6 absolutely have to, at the last minute, build. That makes
7 economic sense.

8 I've heard a lot of things tonight about
9 renewables. First of all, I'd like to thank the
10 commission for passing our program, five to nothing, a
11 couple of months ago.

12 We are strong believers in renewable energy.
13 We have many projects -- in fact, we have over 300
14 projects that we've done since we started this. And for a
15 co-op our size that's pretty good.

16 I'd also like to point out that what is needed
17 is -- and I've heard some of the alternatives suggested
18 that we could put a lot of small renewable or generation
19 stations.

20 We actually looked at that, because, once
21 again, building a line is expensive, and one of the last
22 things we want to do -- we actually looked at an
23 alternative of putting in a small generation station.

24 But the problem is, is that there's still a
25 capacity in that line. And we have actually reached that

1 capacity now, so sticking more renewable projects on
2 there -- unfortunately, there is no room on the line. We
3 still need that.

4 And as -- as I looked at a way to explain it,
5 it's kind of, if you look at the electricity system, it's
6 much like the human body. And if you think of the heart
7 as the generating station, the arteries are much like the
8 transmission lines, and then the capillaries are the
9 smaller distribution lines, and then the lines that go off
10 of them.

11 It would be like trying to put something to
12 assist the heart on a finger, on a capillary in the
13 finger. It -- it's just not workable at this time.

14 We would love renewable energy projects. We
15 have put in for over 30 million dollars of renewable
16 energy projects that we're getting -- actually, we're
17 getting ready to submit these, including some in Sonoita,
18 including Patagonia. We welcome all renewable energy
19 projects, but unfortunately, it's not going to solve it.
20 We need another pathway in there.

21 And by the way, we also have plans to rebuild
22 the line -- someone said, well, from Sonoita to
23 Patagonia. No, we have actual plans to do that.

24 And Deb White is able to answer some of the
25 questions. But we have looked at all of the

1 alternatives.

2 And I'd like to remind the commission that
3 there are 2,400 -- almost 2,500, now, meters served off of
4 this one single line, and that translates to roughly about
5 5,000 people. There's 275 that have signed a petition,
6 but there's a heck of a lot of people out there that want
7 service, and to me that's the issue we have, because we've
8 looked.

9 We've averaged 300 hours of outages on this
10 line in the last two years, and clearly that's
11 unacceptable to us and that's unacceptable -- that's
12 unacceptable to us and that's unacceptable to the members
13 down there.

14 That's what we're trying to fix, as we look at
15 a graph on all the feeders that we have, that one sticks
16 out, by far, as a sore thumb. And we need to get improved
17 reliability.

18 And with that, I'm going to turn it over to
19 Ms. White, because we have gone over all the alternatives
20 that Mr. Magruder has looked at. Our engineers have
21 looked at it. We've asked your engineers to look at it.
22 And unfortunately, this is the only solution.

23 CHMN. MAYES: Mr. Blair, could you -- could
24 you -- and I don't if Ms. White wants to address this, but
25 could -- could either of you please address the question

1 of whether the existing line can be re-conducted and
2 amplified in the way that sometimes other lines are
3 re-conducted?

4 MR. BLAIR: I'll let Ms. White answer that.

5 MS. WHITE: Good evening, and thank you, again,
6 for coming down.

7 To answer that question, specifically, it is
8 one of the alternatives that was presented. SSVEC looked
9 at this alternative, not only in this particular
10 situation, but in 1991, when this project was being looked
11 at in another -- for possibility of extension.

12 The existing line -- re-conductoring that line
13 has several problems, as far as -- there's three separate
14 issues.

15 One is the line is, of course, the only feed to
16 the Sonoita/Elgin area. So rebuilding the line would
17 require us to do that with it energized. Any time you
18 rebuild a line energized, that requires approximately one
19 and a half times the cost of what it would, were we to
20 build it what we call "cold." So that adds a great
21 expense to the project, as well as safety considerations.

22 When you're rebuilding 23 lines of a line
23 "hot," as we call energized, that is quite a significant
24 time to be working on a line, and safety considerations
25 are -- are great there.

1 The other consideration is when we purchased
2 this system back in the 1950s from Patagonia Lighting and
3 Ice Company, the line did not have, especially in that
4 time period, a lot of easements or rights of ways
5 affiliated with it.

6 So those rights were not assigned to us,
7 whether they were granted at that time or not. And so the
8 line, at this time, is now what we call a "prescriptive
9 right," which means -- in terms I'm sure you're familiar
10 with -- that -- it means that the rights that are
11 affiliated with that, as a grandfathered right, are only
12 for the purpose for which it -- it's purpose is the use of
13 it at this time.

14 Therefore, it is used as a three-phase
15 distribution line, 23 kV. If we upgrade that to a 69 kV
16 line, transmission, subtransmission, we have to acquire
17 additional rights to cover that, or otherwise our
18 prescriptive right on that line becomes invalid.

19 Those are the -- the main options as far as the
20 difficulties, in order to redo this line.

21 There are possibilities of acquiring all the
22 easements. However, 23 miles of easements, going through
23 significant private properties -- there's nearly 100
24 properties, as well as it's going through a national
25 conservation area, becomes a very time consuming and

1 additional expense, other than building the line
2 energized.

3 The -- the other problems with rebuilding this
4 line as a 23 kV with a 69 line is it does assist -- it
5 does have a reliability issue, as well -- it can, not
6 always. But this line has a lot of open exposure. You
7 have driven the route, and you see that there is a lot of
8 open area there.

9 There is wind. There is -- as we've had this
10 week, there is snow. There's ice. And there's a lot of
11 traffic along that road. It is a small, narrow highway.

12 If any one of the power lines go down, with the
13 69 kV and the 23 kV attached to it, then, again, we have
14 no system. The entire area is out. Okay?

15 That is part of the reasons why this
16 alternative is --

17 I would like --

18 CHMN. MAYES: Oh, go ahead.

19 MS. WHITE: I have a few things that I would
20 like to -- to begin -- I'll begin again.

21 SSVEC does call this the Sonoita Reliability
22 Project. And this project is not about just a 69 kV
23 line. This project is about a new substation that would
24 bring reliability to this other -- to this area.

25 The existing line, as Jack has said, is over

1 360 miles long. We do have an outage rate out there,
2 higher than any other of our substations on our system.

3 In order to divide this extremely long feeder,
4 to increase our reliability, a new substation is critical
5 for this area. It will divide each of these lines and
6 allow for shorter feeders, and allow for an area that does
7 have an outage, not to impact the entire line. Therefore,
8 the real core of this project is a new substation.

9 SSVEC does have a substation property in a --
10 in a residential area. We bought this property, along
11 with the easement that we bought. It's been on record for
12 over a quarter of a century.

13 SSVEC, in listening to the community, decided
14 to go ahead and look for alternatives, as far as keeping
15 the substation out of this residential area. And we went
16 through an additional expense to this project, in order to
17 obtain a site that was more conducive to the community
18 members' wishes.

19 Therefore, we feel like the community has been
20 very receptive with this new substation siting, and we
21 have gone forward with preparations in order to construct
22 the substation. However, the 69 kV line is very critical,
23 in order to build the substation and to serve this area.

24 Routing of the -- of the 69 kV has gone through
25 several route analyses, in 1991 and in 2005 through 2007.

1 Many of the alternatives that were printed --
2 that were pointed out in the constructive point paper,
3 SSVEC has analyzed.

4 The alternative that Mr. Magruder spoke about,
5 Alternative 1, is what we have just discussed, about
6 upgrading the existing line.

7 Alternative 2 is what's called, in the
8 constructive point paper, as the most expensive route.
9 And that, as far as SSVEC's analysis and records, is -- is
10 not accurate.

11 SSVEC has looked at building this line. We
12 have done it in a very cost efficient manner. We have
13 existing easements that we purchased in 1982, that allows
14 us over -- nearly 20 miles of land rights that we do not
15 have to purchase with an additional cost. That reduces
16 the cost on this project significantly.

17 The alternative is also mentioned as having
18 significant environmental impacts with severe visual
19 impacts on virgin grasslands.

20 We've heard many comments today about the
21 viewsheds and about the grasslands, and SSVEC has been
22 very sensitive to the issue. SSVEC is not required, on
23 private property, to obtain environmental studies on a
24 corridor.

25 However, due to the native grassland in this

1 area, we did procure an environmental report. And the
2 environmental report did provide that there were no
3 environmental considerations that would have to be
4 mitigated on this project. This is in the project
5 corridor.

6 CHMN. MAYES: Well, that -- that aside, I mean,
7 it's clear, though, that there have been a number of -- of
8 environmental -- at least one environmental group that has
9 raised significant concerns -- the Audubon Society.

10 And -- and you know, so while that
11 environmental impact statement may have come back clean
12 for you, you still have significant community concerns
13 about viewshed and impacts to that research center, where
14 the line is going to go.

15 So how has the company taken those concerns
16 into account as it has assessed these two alternatives?

17 MS. WHITE: SSVEC, in respecting the viewshed
18 corridors and the comprehensive plan of Santa Cruz County,
19 has looked at the corridor and has tried to design the
20 power line to be at the most minimal impact.

21 We have made agreements for construction access
22 that would not -- where we would not have to bulldoze or
23 blade an entire corridor, to where this area would not be
24 disturbed. We are working with private agreements with
25 the rancher, in order to -- excuse me, I'm sorry -- in

1 order to make sure that the project is not disturbed --
2 the area is contained, without disturbance, I guess I
3 should say. Okay?

4 As far as the research ranch, an overhead power
5 line in the -- in this particular area -- SSVEC's easement
6 borders the research ranch along one mile. That is the --
7 the area that -- the 23 miles of corridor, we border the
8 research ranch.

9 And in this particular area, SSVEC has not
10 requested any type of clearing. We will be able to use
11 the existing corridor that was cleared by Qwest when they
12 applied -- when they put their installation of their cable
13 in this particular easement.

14 Furthermore, in the grasslands, SSVEC, with
15 this project and with most projects, does do an
16 environmental -- what we call an after-the-project -- we
17 go through, we reseed the project with the native
18 grasslands. And have we talked to the ranchers, and we
19 have -- you know, we have made those agreements with them,
20 as well.

21 CHMN. MAYES: Commissioner Stump?

22 COM. STUMP: Thanks, Madame Chair.

23 And thanks, Ms. White.

24 I had just one question. I think part of the
25 issue at hand this evening is a yearning for more facts.

1 I know that Babacomari Ranch is privately
2 owned, and I know you achieved a private settlement in
3 2008, regarding the 1982 easement. And I also understand
4 the details of that were, basically, confidential. I know
5 there's also a confidential environmental survey, and I
6 assume the reason that is confidential is because it's on
7 private property.

8 And with that in mind, do you think -- think
9 the landowner would be interested in releasing that
10 environmental survey, to ease some of the concerns that
11 we've been hearing here tonight?

12 MS. WHITE: I think that's something we could
13 discuss with them. We have not talked about that with
14 them, in particular. No, sir.

15 CHMN. MAYES: Well, that's an excellent
16 question, Commissioner Stump. And I think that that's
17 something that perhaps the commission would want to see
18 divulged as far as the rate -- the rate case.

19 I know that perhaps -- well, the -- the private
20 landowner is probably not a party to the case, but you
21 are -- and you can do everything that you can to get that
22 agreement and get it docketed in the case, so that folks
23 in this area can see it.

24 So you'll do your -- your very best to do
25 that. Correct?

1 MS. WHITE: Again, we will talk to the
2 landowner. Yes, ma'am.

3 CHMN. MAYES: Okay. Thank you.

4 Okay. So is that about all you had on those
5 issues?

6 MS. WHITE: A couple of other points on the
7 constructive point paper that was submitted.

8 There are other alternatives that have been
9 proposed, that involve Tucson Electric Power and/or
10 Southwest Transmission and Unisource Energy. These
11 particular alternatives require significant additional
12 costs -- not only for SSVEC, but for those particular
13 entities.

14 Alternative 3 that was mentioned, requires an
15 investment by Southwest Transmission Cooperative to take a
16 115 kV line to a 69 kV line. That is a distribution -- or
17 that is what's called a delivery point type of voltage
18 reduction. It does require a substation there.

19 And a substation, of that type that you're
20 talking about, is 6 to 7 and a half million dollars, which
21 you would add to the cost of this project, as well as
22 the -- the new substation that's being proposed to service
23 Sonoita.

24 Tucson Electric Power's 46 kV line -- the
25 proposal for that is also a significant investment. That

1 is a 46 kV line, and SSVEC's standard business model is
2 69 kV.

3 Not only would we have to overcome the issues
4 in regards to TEP's two-county rule, but they would also
5 have to incur significant costs in order to do a
6 substation, in order to reduce their voltage or to upgrade
7 their voltage to 69.

8 One of the other alternatives even requires
9 that the TEP extend their 46 kV line, upgrade it
10 approximately 12 miles, in order to connect to a
11 substation. That's a great cost for TEP to incur for a
12 project like this.

13 CHMN. MAYES: To Commissioner Stump's point
14 about the obvious desire, in this room, for more
15 information and for alternatives to be explored, to a
16 greater degree than -- than has already -- than has
17 already been done.

18 Can you tell the Commission why SSVEC can't
19 take more time to explore those alternatives?

20 Why -- what -- and -- and I know you've --
21 you've said in the past that you're facing a -- a -- a
22 crunch of a sort, a power crunch of a sort. You believe
23 that the -- the growth in the area is going to outstrip
24 your ability to supply power.

25 Have you provided proof of that to the

1 commission? And you know, what is -- is it possible --
2 would it be possible for the company to take more time and
3 to allow some of these alternatives to be more fully
4 explored?

5 MS. WHITE: Sulphur Springs Valley Electric --
6 on this particular project, we are at capacity in our
7 substation transformer. And our substation transformer is
8 at 7 megawatts, as Jack mentioned.

9 This morning, because of the very cold snap
10 that we've had, our substation transformer -- transformer
11 was at 6.9 megawatts. It is very, very close.

12 And that is -- that is the urgency of this
13 particular project, is that not only is the reliability of
14 a long feeder and the numerous outages there, but the
15 power quality -- the reduced voltage at the end of the
16 line, the substation capacitants that we cannot upgrade
17 because of the additional upgrades it would require to the
18 line, which would, of course, not do anything with the
19 reliability issues. It would not increase the
20 reliability.

21 SSVEC has reviewed these alternatives. When it
22 comes to a point of cost analysis on these alternatives,
23 such as were put in the constructive point paper, and
24 forcing that cost upon other companies, there comes a
25 point to where we have to be reasonable in our estimates.

1 And when it goes up above the -- above and
2 beyond the project, even doubling the costs of the
3 existing project, at that point we do not do any further
4 research into that.

5 And we have provided that information to the
6 Commission, and we have provided that information to the
7 community in -- in documentation that we've sent out.

8 MR. BLAIR: Just a follow up. May I follow up
9 with one point first?

10 CHMN. MAYES: Yeah, sure.

11 MR. BLAIR: I guess, to cut to the chase, the
12 bottom line here is, as I've said before, We look our
13 easements well in advance, well in advance of the property
14 being developed. We like to wait, because it's the most
15 cost-efficient, until we know we absolutely have to
16 build.

17 If we knew that we were going to have to
18 absolutely build a year ago, or a little longer than that,
19 which is when we started working, we have looked in detail
20 at all of the alternatives proposed. And we have made
21 some changes in the line -- that we could do.

22 Every time that there's a new proposal that
23 comes, I can assure you -- because I'm sitting in the
24 room -- that our chief executive officer, as well as our
25 board, directs our engineering department to take a look

1 at it -- which we have done.

2 And what we have come up with -- and remember
3 there's about 5,000 people served off of this line --
4 there's 275 people that signed a petition, we picked the
5 most cost-efficient route that affects the least number of
6 people. Any other route that we choose will cost more,
7 and you will have a whole new set of people in here
8 talking about it.

9 So to your point, we are at capacity. We are,
10 literally, once a week, at our senior staff meeting. We
11 get an update to see where we are, because at some time,
12 we are going to have to put a moratorium on new hook-ups,
13 because we can't knowingly hook up more people than we can
14 serve off that line.

15 So that's why it's urgent that we start
16 construction as soon as possible.

17 I mean, there is no other alternatives. And --
18 and we have looked at it. As I said, this is the most
19 cost-efficient; it affects the least amount of people.
20 It's unfortunate it has to affect people, but it does.

21 Thank you, Mr. Newman.

22 COM. NEWMAN: Thank you, Jack.

23 You know, we have a rate case. And when I
24 heard the statement that if it's going to cost twice as
25 much in terms of -- this isn't a plea from the corporation

1 commission for more time to analyze the situation.

2 And when I heard the statement that if it's
3 going to cost twice as much, we close down, or something
4 like that -- it's -- it's -- or whatever -- or whatever
5 the statement was, it was rather amazing.

6 Do you mean -- I'm just going to ask you for
7 clarification.

8 You went over all these options that
9 Mr. Magruder talked about, including the one that he's
10 talking about north and south. You've -- you've done that
11 already. And what was said, I think --

12 MR. BLAIR: Yes.

13 COM. NEWMAN: -- your -- your employee who
14 deserves a raise --

15 MS. WHITE: Yes.

16 COM. NEWMAN: -- she said that if it costs
17 twice as much, we just don't go there. That's what I
18 thought you said.

19 MS. WHITE: No. And -- and I must clarify that
20 then.

21 What I'm saying is that any alternatives -- in
22 particular alternatives that are concerning Southwest
23 Transmission Cooperative, where it adds a -- just another
24 transmission substation, and/or Tucson Electric Power,
25 where it adds another 12 miles of line plus another

1 substation -- those types of costs are not reasonable
2 costs with this project, because, number one, it affects
3 their business model, as well as our business model --

4 COM. NEWMAN: Right.

5 MS. WHITE: -- on the project. As well as it
6 does not do, it -- it does not solve the problem of the
7 reliability.

8 COM. NEWMAN: Okay. But that's not exactly
9 what you said, because I think you said something about if
10 it's double the cost, we don't think it's reasonable
11 anymore. That's what I -- I believe you said.

12 But -- but that's not what the -- the question
13 I was going to ask. But I -- I am the second member of
14 the commission who's going to ask you, as a company, to
15 look at this again. And I remind you that, you know,
16 that's two-fifths of the Corporation Commission that's
17 looking at your rate case, as well.

18 So this may be expensive. People are very
19 upset about it. I don't buy the argument that because 270
20 people signed the petition that only 270 people are upset
21 about the viewscape of Sonoita. That's not a good
22 argument to make.

23 This -- this is the first I've heard -- and
24 I -- I thank Commissioner Stump for -- for asking for more
25 information about what is probably an easement granted by

1 the Brophys, who probably are the owners of the
2 commodity. I'd like to get more information about that.

3 One of the things I was going to say, if the
4 Brophys were as beneficial to you, don't you think the
5 community along the line -- the original line, you could
6 go and you could talk to them about easements, as well,
7 given the uproar in the community of Sonoita about the
8 viewscape and how this will affect Patagonia, as well?

9 I mean, there are -- there are things that you
10 could do. I'm just asking for a little bit more time.

11 And -- and I -- I'm not personally offended, as
12 a commissioner, and I have the responsibility to these
13 people as -- as constituents and -- and consumers. I have
14 a responsibility to you, as a company, to make sure you
15 have a rate of return.

16 You're asking for an 11 percent -- a 12 percent
17 rate increase. That's a lot of money. And you know, this
18 is a project that's going to cost a lot of your money.
19 But if there's anything that can be done for these people,
20 I want to explore it.

21 And it seems to me that the company's position
22 has not been open. In fact, even in the meeting, the
23 private meeting that we had, this -- this group is
24 characterized as a very small group, much less than the
25 35 people that testified tonight, that came all the way

1 from Sonoita -- which is, by the way, not a short drive.

2 So you know, these people are dedicated. They
3 mean it. They probably represent hundreds of people.
4 They probably represent thousands of people.

5 And I'm asking you, as the second -- second
6 person on the commission, to reconsider and sit down with
7 these people. We may not be able to come up with it any
8 different. But that's what they're requesting.

9 And I think the best position is to sit down
10 and talk about it and it may be that there may not be any
11 other alternative. It may be that we have to spend more
12 money on this project.

13 But that is the reasonable thing to do, not to
14 not study it anymore.

15 (Applause.)

16 CHMN. MAYES: Thank you, Commissioner Newman.

17 Do we have anything else to -- to add,

18 Ms. White?

19 Okay.

20 Mr. Blair, thank you for coming forward.

21 I think we are about out of commentators, and --
22 and the hour is growing late.

23 I appreciate, very much, everyone who stayed.

24 Colleagues, would we like to make closing
25 comments, or is everyone all talked out? All talked out?

1 Okay.

2 I want to, again, thank you all for coming.

3 And I can promise you that -- that the commissioners will
4 ask many of the questions that you've raised in that
5 portion of the rate cases.

6 I -- I believe that many of these issues ought
7 to be examined, scrutinized, and -- and hopefully, we can
8 come up with a solution that is -- that is appropriate
9 for -- for this community; and for the wildlife in this
10 area, which is so unique; and for the viewshed, which is
11 so beautiful here.

12 So thank you, very much, for being here. And I
13 look forward to seeing you all, again.

14 Thank you.

15 (Applause.)

16 (Proceedings concluded at 9:07 p.m.)

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1 STATE OF ARIZONA)
) ss.
2 COUNTY OF MARICOPA)

3 I, KATHERINE A. McNALLY, do hereby certify that
4 the foregoing printed pages constitute a full and accurate
5 transcription of the proceedings had in the foregoing
6 matter, all done to the best of my skill and ability.

7 DATED at Phoenix, Arizona, this 20th day of
8 February, 2009.

9 Katherine A. McNally
10 KATHERINE A. McNALLY
Reporter